Canadian Centre for Management Development | Centre canadien de gestion

http://www.ccmd-ccg.gc.ca

CONFERENCE ON MODERNIZING GOVERNANCE
of May 3rd, 2000

Summary Report
by
Raymond D'Aoust

Canadian Centre for Management Development (CCMD)
Strategic Planning and Research
November 8, 2000

© Canadian Centre for Management Development, 2000

Canada

Table of Contents

1. Introduction 1

2. Opening Remarks by Madame Jocelyne Bourgon, President of CCMD 1

3. **The Changing Boundaries of Citizenship**
- moderated by Mr. Norman Moyer, ADM, Canadian Heritage 2
   - 3.1 Overview of Paper prepared by Professor Jane Jenson, Université de Montréal and Canadian Policy Research Networks and Martin Papillon, York University .. 2
   - 3.2 Commentary by Professor Lisa Young, University of Calgary 4
   - 3.3 Commentary by Jens Kromann Kristensen, OECD and Denmark 5
   - 3.4 Discussion 6

4. **The Future of Representative Democracy**
- moderated by Ms. Cynthia Williams, Executive Director, Public Service Commission 7
   - 4.1 Overview of paper prepared by Professor Paul Thomas, University of Manitoba . 7
   - 4.2 Commentary by Professor Denis Stairs, Dalhousie University 9
   - 4.3 Commentary by Professor Kenneth Kernaghan, Brock University 10
   - 4.4 Discussion 11

5. **The Role of Government in Governance**
- moderated by Mr. Guillaume Bissonnette, Director General, Finance Canada .. 12
   - 5.1 Overview of paper prepared by Professor Vincent Lemieux, Université Laval .. 12
   - 5.2 Commentary by Mr. Terje Dyrstad, DG, Labour and Government Administration, Norway 13
   - 5.3 Commentary by Mr. Seppo Tiihonen, Counsellor, Finance, Finland 14
   - 5.4 Discussion 15

6. **Public Sector Reform**
- moderated by Mr. David Good, ADM, HRDC 16
   - 6.1 Overview of paper prepared by Professor Peter Aucoin, Dalhousie University . 16
   - 6.2 Commentary by Mr. Simon Kennedy, Director, Operations, Priorities and Planning, Privy Council Office 18
   - 6.3 Commentary by Ms. Lim Huay Chih, Head of PS 21st Century initiative, Singapore 18
   - 6.4 Discussion 19

101-00874/

7. Closing Remarks by Madame Jocelyne Bourgon, President of CCMD 20

Appendices 21

I. Conference Agenda

II. List of Participants

III. Reports of Discussants

a) The Participatory Dimension of Citizenship: The Role of Linkage Organizations

b) Public Governance and Citizenship in Denmark

c) The Future of Representative Democracy: The Impact of Information Technology

d) Norway - Role of Government in Governance

e) Role of Government in Finland: Governance

f) Public Service Reform: Singapore's PS21 Movement

1. Introduction

This Conference on Modernizing Governance was organized by the Canadian Centre for Management Development as part of its exploratory research program on governance. It focused on four sub-themes: citizens and citizenship, representative democracy, the role of government and public service reform. The key objectives of the conference were to engage senior officials and academics in an in-depth dialogue on the most important research questions which need to be addressed. The ultimate goal of this dialogue was to advance our knowledge and understanding about changes in governance and to help governments prepare for future challenges.

The four research themes were explored by four prominent Canadian academics who each carried out a literature review on his/her respective subject, examined emerging issues in each area and proposed a set of research questions. In carrying out their respective project, they engaged in a dialogue with a senior public servant from the Government of Canada to get a practitioner's perspective on their insights, analysis and proposals. The senior officials were then invited to moderate the Conference session dealing with the issue in which they were engaged.

The four research papers will be published in full, under separate cover, by CCMD in November 2000. Summaries of the papers are contained herein.

2. Opening Remarks by Madame Jocelyne Bourgon, President of CCMD

Madame Bourgon extended a warm welcome to the participants of this first international conference on Modernizing Governance organized by CCMD. She highlighted the participation of representatives from Denmark, Norway, Finland, Singapore and the USA. She thanked the Institute for Research in Public Policy (IRPP) for facilitating the participation of two of their researchers in this event.

In convening this conference, CCMD pursued three objectives:

1) Sharing the findings and insights gained by the four principal researchers and their public service partners on the issues of Citizenship, Representative Democracy, Role of Government and Public Sector Reform and obtaining wider views and perspectives on these findings;

2) Identifying researchable issues for CCMD's Research program and others. CCMD selected future areas of research from the proposed issues and submitted them to its Board of Directors in June 2000. Following consultations with senior officials, CCMD will launch a series of research projects on governance to support the learning needs of public service managers and build tneir capacity to meet current and future challenges in serving Canada and Canadians.

3) Identifying the partnerships and alliances that CCMD will need to fulfill its research agenda. Simply stated, neither CCMD nor the public service in its entirety can "do it alone." As it has done in the past, CCMD will continue to work in partnership with domestic and international institutes and academics, federal departments and agencies and NGOs (such as CPRN).

Madame Bourgon also emphasized that the public service is pursuing a very ambitious learning agenda. In the *Seventh Annual Report to the Prime Minister on the Public Service of Canada*, Mr. Mel Cappe, Clerk of the Privy Council, made the following commitment in his capacity as head of the public service:

> The Public Service as a whole must become a learning organization. It is the best way to ensure the ongoing relevance of government to citizens. It is essential to create the comparative advantages that Canada will need in the global competition for talent and investment. It is critical to attracting and retaining knowledge workers.

The conference discussions and the CCMD research program on governance will help to serve the objective of transforming the public service into a learning organization. Understanding the forces and determinants that are at work in shaping contemporary Canadian governance will help public servants to better serve citizens and elected officials.

3. The Changing Boundaries of Citizenship - moderated by Mr. Norman Moyer, ADM, Canadian Heritage

3.1 Overview of a paper prepared by Professor Jane Jenson, of the Université de Montréal and the Canadian Policy Research Network and Martin Papillon of York University

In recent decades, there has been renewed interest in the concept of citizenship, as well as new challenges to the concept, with the issues of diversity, inclusion and the effects of globalization gaining prominence. New social movements and social debates are "challenging the boundaries of the political community."

Jenson's and Papillon's paper discusses the relationship between citizens and the State, expressed under the concept of "citizenship." The authors identify dimensions of citizenship as well as current challenges to the concept and how these challenges are being addressed.

Citizenship entails three important dimensions. **Rights and responsibilities** exist between citizens and the state and amongst citizens themselves. Yet the recognition of these rights is hollow if there are no formal mechanisms to realize them. Thus the concept of **access** to these formal mechanisms entails another important dimension of citizenship. The last component is that of **belonging**, which allows citizens to be part of the "economic and social life" of a political

community. The state defines who belongs to a given political community and this defines social solidarity. While these concepts can be defined separately, they must be understood in connection with each other.

The authors discuss current challenges to the notion of citizenship and discuss how these challenges are being addressed. Those seeking recognition of **diversity**, according to the authors, seek to change "the content of rights, the way access works, and most often the belonging within citizen regimes." Responses to diversity challenges in Canada have included: official Multiculturalism and "recognition of national minorities into the citizenship regime" (for example, the recognition of Aboriginal peoples in the Constitution). The issue of "**location**" has become contentious, with globalization challenging the sovereign nation state as the centre of citizenship, thus affecting the dimension of "belonging." Writing on the subject suggests that social bonds of citizenship are being fragmented and states are becoming irrelevant as debates take place in trans- or supra- national forums. In response to this emerging issue, we have witnessed: the emergence of solidarity movements, discussion about the creation of transnational citizenship and the emergence of "subnational" or regional conceptions of citizenship. **"Social citizenship"** – the traditional values of solidarity and fraternity which led to the acceptance of using public monies for social programs – has been attacked in recent years by those who claim these programs led to passive citizenship and, also, by the growing influence of private market power. In response, various initiatives were implemented to introduce a notion of "responsibility" to the concept, which some say has limited the terms of citizenship and has ignored the social aspects of society. The left has criticized these moves, claiming that "economic exclusion and poverty hinder access to the full rights of citizenship" and certain leaders are returning to the ideas of fraternity and equality. Finally, the challenge of **participation** refers to the theoretical rights of citizens to engage in the political process versus the real access they are afforded, as well as the participation of citizens in the public sphere. Attention must also be paid to how to maintain a democratic space for disadvantaged groups so they can exercise their political rights. In order to foster "active engagement" in Canada, there have been recent attempts to "improve governance practices and especially accountability" and enhance civic education. Improving citizen engagement will not only improve a sense of belonging, it is also expected to affect the policy process and improve access.

Jenson and Papillon suggest several areas of study. These include:

- To what extent does the recognition of cultural specificity of various groups engender fragmentation?
- What elements of citizenship are being transferred to transnational institutions? What are the consequences for the government to foster solidarity and generate broad collective policy orientations if the sites of citizenship are dispersed?
- Is it necessary for the maintenance of a well-functioning society and a productive economy for social citizenship to receive significant attention?
- Does consultation foster support for basic democratic institutions?

3.2 Commentary by Professor Lisa Young, University of Calgary and IRPP research associate

Lisa Young offered a commentary on the role of "linkage organizations" in the participatory dimension of citizenship described by Jenson and Papillon. Her main contention was that the citizenship literature reviewed by the authors did not come to terms with the question of participation and citizen confidence. This was due, in part, to the fact that it focused only on citizens rather than on the health of linkage organizations like political parties which channel political participation in a modern democracy.

Young presented data on voter turnout as well as on the decline of citizens' confidence in politicians, political parties and government, all of which illustrate citizen disengagement from institutional forms of politics. Despite the fact that Canadians are basically supportive of the democratic process, they are deeply dissatisfied with the day-to-day working of the political system and are distrustful of parties and their members. She briefly explained that there are two explanations for the rise of discontent: cognitive mobilization and the erosion of civil society.

Cognitive mobilization explains civic discontent with politics by stating that as citizens become better educated and informed, they are more critical of their government. Statistics do show a growing political disaffection among affluent and well-educated Canadians. However, the theory does not explain why voter turnout is actually lower among the young, the less educated and the poor.

The erosion of civil society explanation posits that declining involvement in associations comprising civil society contributes to a decline in 'social capital' (norms of reciprocity and trust). This, in turn, erodes the basis on which democratic governance flourishes. An analysis of survey data from Alberta suggests that there is some evidence supporting the basic civil society and social capital argument. Civic engagement does, to some degree, predict inter-personal trust and reciprocity which are at the foundation of democratic politics. Young pointed out that the erosion of civil society conceals the real sources of alienation and the fact that failure to participate is not only caused by individual factors (e.g. education) but also by structural and class factors. She suggested the focus should also be on linkage mechanisms. Research indicates that a growing proportion of society prefer interest groups over political parties as intermediary organizations, which calls for an examination of the health of political parties. More research is needed to understand the reasons for dissatisfaction with the political system. Young further suggested that the issue of social citizenship, specifically the participatory divide between the rich and the poor, needs to be further explored.

3.3. *Commentary by Jens Kromann Kristensen, Project Manager, OECD and Danish Ministry of Finance*

Jens Kristensen offered a commentary on public governance and citizenship in Denmark. He remarked that in complex societies where an increasing proportion of economic, social and cultural life unfolds within or under the influence of the public sector, citizenship relates not only to participation in formal democratic procedures such as voting in national elections, nor merely to informal contributions to the democratic processes such as signing petitions or marching in the streets. Citizenship is, and must also be understood as, an exercise of everyday life. People are citizens as consumers and producers in the market, as residents and landlords in a borough and as users and providers of public services. From this perspective, the challenge of citizenship can be seen as a challenge in reconciling the pursuit of the private interests of individual citizens with the common good. Citizenship closely relates to the issues of governance, defined as the formal and informal systems that direct the internal functioning of the spheres of the public sector, the market, and civil society, but also the formal and informal systems that direct the relationships between these spheres. Kristensen also cautioned against over-characterizing traditional public governance because: 1) the state as we imagine it is a rather new structure; 2) the state as an imagined omnipotent actor has never been more than an ideal type; 3) states have always been exposed to external challenges and changes; 4) supposedly 'external' threats or challenges are often produced by political systems themselves to achieve political goals; 5) despite challenges, most political systems have immense economic, social and intellectual powers at their disposal; and 6) the number and nature of governance challenges and the degree to which the citizenry are affected by them vary from one country to another.

Kristensen went on to locate this issue in the Danish context. Denmark has a small population, economy and territory. Relative to other OECD countries, it is culturally homogeneous. It is relatively wealthy as measured by GDP and has one of the most equal distributions of income in the world. The public sector accounts for almost half of all economic activity in the country. Denmark is a unitary constitutional monarchy with a Parliament whose members are elected by proportional representation. Policy making and implementation are located at either the national or local levels. The public sector is highly decentralized and there is a long tradition of involvement of organized stakeholders in national, regional and local political decision-making. Citizens have expressed a relatively high level of trust in satisfaction with public institutions and are supportive of high levels of taxation.

Denmark is not without its own citizenship and public governance challenges. Citizens' expectations of the public sector are rising due to increased wealth, education and cultural diversity. These changes create pressure for additional and more individualized services. Demographic changes are also exerting pressure on the governance system. The number of elderly will increase dramatically while the size of the workforce will remain relatively stable and the demand for early retirement and shorter working hours will continue. Globalization or 'Europeanization' of the financial markets, trade and investment will limit the possibility of raising taxes and public expenditures to meet new demands. These individual issues are not new: their

simultaneous occurrence is novel, however.

While the fundamental aspects of Danish democracy are not being challenged, the quality of citizenship in everyday life needs to be examined. Kristensen described the Service and Welfare project launched by the national government in cooperation with county and municipal authorities. The project's objectives are: to facilitate experiments and the sharing of knowledge about management and citizen relations within the public sector; to create a framework for concrete public sector reforms and to promote public information, consultation and participation. The project's proponents have engaged in broad-based information campaigns and participation exercises on the future architecture of public governance in Denmark. This example illustrates the Danish approach to enhancing *citizens' voice* in shaping the content and delivery of public services, *citizens' choice* to encourage service providers to take into account the views of users while striving for effectiveness and efficiency and *information* to ensure that citizens' voice and choice are well informed and stimulate political debate in general.

The Danish Parliament initiated a study of Democracy and Power in 1997 to illuminate the function of democracy, including the influence of organizations, movements and economic powers. The project also created a framework for research on the dilemmas of the modern welfare state. An independent steering committee was established to organize the study which was financed with public funds. The project was divided in five general, overlapping topics covering citizenship, political institutions, political decisions, societal processes and concepts of democracy. The Board of Technology is another example of a process designed to involve citizens in the formulation of public policy.

Kristensen concluded his commentary by proposing several issues that will need to be explored: What will be the demands of users and citizens of tomorrow? Which institutional mechanism can ensure that strengthening citizens as consumers of public services does not lead to less attention to the public interest? Must new methods for public involvement be developed?

3.4 Discussion

It was felt that a broad definition of the concept allowed an examination of the relationship between the different dimensions of citizenship: rights, access and participation. Narrowing the definition to its legal component would neglect the social-political dynamics of citizenship. The analysis should not ignore the 'obligations' aspect of citizenship.

Some felt that the concept of citizenship was too broad, making it difficult to pare down to a set of researchable questions. Would it be useful to limit the concept to the legal aspects of citizenship? Some participants cautioned about lumping aboriginal rights with cultural diversity rights. The whole notion of 'sameness' of rights is being challenged through agreements such as the Nisga'a Treaty which recognized the special historical rights of Aboriginal communities. For some, the key issue was to find out if there are models of governance which strike a balance

between individual and collective rights.

For others, citizenship defines 'how to play the game'. The term 'citizens' refers to those who are governed. Most of the relationships subsumed under the notion of 'citizenship' are political in nature. The real issue of citizenship is location. We currently lack the democratic theory and institutions to address transnational issues. Additionally, the question of political leadership in the definition of citizenship cannot be neglected. The Canadian Act on Multiculturalism is an example where such leadership was exercised by political actors. Leadership however can also be exercised by civil society. The separation between the right to play the game and politics also needs to be examined. Fundamentally, the right to participate is an institutional question; it is not a problem of solidarity.

The definition issue of citizenship also needs to be examined from the angle of public sector reform. What have administrative reforms done to citizens by treating them as customers? Further, the relationship between citizenship and policy instruments (taxation, exhortation, incentives, regulations, etc.) should be reviewed. Citizenship in the context of diminishing social services also merits consideration. There may be a need to consider the social contract as distinct from the economic contract of citizenship. Others argued that income disparity should not be neglected in the debate about citizenship, as it affects both social cohesion and the ability to participate.

The relationship between citizenship and advocacy groups also warrants a closer examination. How do we make a virtue of interest groups? How can interest groups be advantageous to the concept of citizenship? Do they represent an alternative form of political representation?

The advantages of becoming a citizen are important for countries with high immigration rates. What are the advantages of being a citizen if permanent residents have access to the same services (i.e., home versus hotel argument)?

Finally, the relationship between citizenship and political participation needs to be expanded. Is the decline of voting a sign that we are coming to the end of an era? If so, how can the nation-state operate differently to ensure greater cohesion in society?

4. The Future of Representative Democracy - moderated by Ms. Cynthia Williams, Executive Director, Public Service Commission

4.1 Overview of paper prepared by Professor Paul Thomas, University of Manitoba

This study explores an aspect of the changing nature of governance in Canada. Thomas examines whether Information and Communications Technologies (ICTs) will change how Canadians

govern themselves and also looks at whether these new technologies will revitalize the democratic process, which is currently characterized by high levels of public discontent. Thomas posits that Canadians' faith in public actors and institutions has been eroded by such events as: economic slowdown, cutbacks in program spending, the emergence of new cleavages in society and the rise of a more adversarial press. As the factors causing public discontent with the political system are numerous, there will be no one way to restore public faith. ICTs will not offer a "quick-fix" to the challenges being faced by the political system.

Professor Thomas' paper discusses the effects that ICTs will have on the processes and institutions of representative democracy in Canada. He offers a cautious assessment, noting that the role of ICTs will be "shaped by economic, social and political forces more than the inherent attributes of the technologies themselves."

Thomas devotes a portion of his discussion to exploring the effects of ICTs on representative institutions, such as parties, Parliament and the bureaucracy. He notes that parties have thus far used these new technologies mainly for electoral purposes. Parliament has been cautious in adopting ICTs, although they could allow for greater efficiency and closer constituency contact. The bureaucracy will be assisted by these technologies in carrying out their roles of policy analysis and design, as well as in providing efficient services. The main obstacle in implementing greater use of ICTs will not be technological, rather it will be in overcoming attitudinal resistance to the use of these new technologies and systems. Some of the attitudinal barriers are: a reluctance to open up the decision-making process to outsiders, the lack of interest amongst the public in the policy process and the lack of familiarity with ICTs by both public sector leaders and citizens.

Thus, the progress that ICTs have made in further democratizing the representative process have not been as strong as some pundits previously anticipated. In regards to the potential of ICTs to alter Canada's system of democracy, Thomas predicts that the country will develop a "hybrid" model of democracy, which continues to rely upon traditional institutions and processes, but which allows for greater public consultation and collaboration and greater use of devices of direct democracy.

Thomas offers numerous topics for future investigation, amongst them:

- What incentives are needed to encourage citizens to use ICTs to deal with government?
- Will ICTs be used by political parties to help invigorate their role in society?
- Will the potential of ICTs be used to reform Parliament?
- How do we reconcile the call for greater openness and transparency with the need for discretion, neutrality and confidentiality within the bureaucracy?
- Will new methods of engagement undermine traditional representative processes?
- Have governments approached the governance question too much from a "managerial" perspective without taking sufficient account of the wide range of ideas, interests and institutions potentially involved?

- Have some of the ideas driving managerial reform been anti-political in their content and in their consequences?
- Does the adversarial nature of cabinet parliamentary government detract from learning which is at the heart of successful governance in a period of rapid change?
- How can more constructive and collaborative relationships be built between political and administrative leaders?

4.2 Commentary by Professor Denis Stairs, Dalhousie University

Professor Stairs opened his remarks by stating that he does not belong to the 'Gee whiz– everything's new and different!' school of thought. He observed that the Thomas paper was "first class" and provided a thorough and comprehensive review of the subject. The issues were clearly and systematically presented, their complexities well-explored and the arguments (pros and cons) well-presented in a balanced and measured way. Stairs went on to laud Thomas for his insistence that while Information and Communications Technologies (ICTs) have significant current (and future) effects, their impacts will ultimately be shaped and conditioned by other economic, social and political forces within Canadian society. In effect, ICTs are not totally transformative, because politics persist. In assessing the significance of ICTs, we should not get carried away; their consequences are deeply imbedded in other long-standing realities.

Stairs remarked that politics is not about management, but rather about conflict and resolution. It is about who gets what, when and how. Ultimately, it is about power: who has it, how it is exercised, in whose interest and under what constraints. ICTs can certainly have a modest impact on the way in which power and influence are distributed. In the end, however, it appears very unlikely that the distribution of real political advantage will be significantly different because of ICTs. Indeed, it is highly probable that the future distribution of power and influence will be much the same as it is now. This is due to the fact that the ability to make full use of the new technologies for political purposes will itself be unevenly distributed, and that distribution will favour established forces, as usual. Most people will not be active participants in the political communications process, irrespective of what the new technology allows them to do. Further, even if government departments were inundated with hits, this does not mean that citizens' voices will have a greater impact on policy. It may generate more noise and confusion, which will lead to even less citizen efficacy.

These factors reinforce the need, not for governance (a murky and ambiguous term leading to confusion, according to Stairs) but for government – authoritative leadership devoted in part to the making of trade-off decisions in a conflictual environment. The challenge of strengthening democracy lies not in the public service but with those who compose and operate political parties. And this has surprisingly little to do with ICTs. Stairs suggests that improving the policy and research capacity of political parties to 'do their own digging and to do their own research' will do more to strengthen representative democracy than investing in government-client communications.

Stairs briefly exposed the 'transnational non-governmental organizations' problématique on which he is currently working. The government takes great pride in some of the successes that have resulted from its alliances with transnational non-governmental players (e.g. Anti-Personnel Land Mine Convention). Transnational NGOs help mitigate against strong corporatist interests represented in democratic institutions. These entities now speak for public, rather than private, interests and at a transnational and even global scale rather than a national one. Some believe that transnational social movements, such as those at work in the WTO events in Seattle, represent an erosion of the state system itself. They may also constitute a threat to responsible government, which is founded on the premise that the first obligation of government is to serve a specific part of humanity that inhabits the nation it represents, not humanity in the world at large. There are several aspects of Canadian foreign policy that are conducive to the transnationalisation of politics. Indeed, the entire rationale for representative democracy is being questioned: Professor Stairs suggested that this is an area that warrants further investigation and research.

4.3 Commentary by Professor Kenneth Kernaghan, Brock University

Professor Kernaghan agreed with Stairs' assessment of the paper and offered cautionary remarks about the current push for e-democracy. Many countries believe that e-government will help restore public faith in the public service and in government more generally. Kernaghan suggested several lines of inquiry. How should services be clustered across departments, governments and channels to serve citizens? How will this impact the notion of citizenship? How can we balance e-government with traditional means of service delivery? The Citizens First survey showed that citizens want choice in service delivery rather than a single vehicle, but how much can government really do? What are the appropriate roles of the private sector and the third sector? What are the implications of e-government for the disadvantaged (the poor) in society? How will e-government impact on public sector values, on accountability and on privacy?

Professor Kernaghan also argued that we need to address more directly some of the issues raised by Jocelyne Bourgon in her September 1998 speech at the Malaysia CAPAM conference. Among the points made in the Bourgon speech were that "the new public administration" had "remained silent on the changing role of elected officials." She wondered whether it is now time to examine the future role of elected officials, to modernize our views on the sharing of responsibilities between elected and appointed officials and to explore new models of collaborative leadership between political and administrative officials. She also raised questions about the preparation of, and support for, transformational political leaders. Kernaghan suggested that we need to ask to what extent information and communication technologies can help to improve political leadership?

4.4 Discussion

The research questions on this topic could be framed around the unintended consequences of technology on democracy. Specifically, what is the relationship between the institutions of representative democracy and the use of technology? Are we undermining these institutions with the use of technology? What are we doing to the notion of citizenship with e-government?

Two visions of democracy are in tension: the deliberative, 'human face' government versus e-democracy. It is not clear how these two visions will be reconciled in the policies and programs of e-government. ICTs have moved us from broadcasting to 'narrowcasting'. This shift causes greater segmentation of society based on interests which, in turn, further exacerbates political divisions.

More research is needed on the use of ICTs by political parties. It appears that they use the technology primarily to 'push' their agenda rather than 'pull' in public debate and citizen engagement on salient public issues. How can we assess the quality of public discourse? With fragmentation based on interests, finding a basis for public policy will become increasingly difficult. The real challenge of using ICTs in government is not on the bureaucratic side but on the political side. Total Quality Politics (TQP) is more important for democracy than Total Quality Management (TQM).

Studies in the U.S. on digital democracy raise another problematic issue. This research indicates that the Internet is not conducive to real deliberation and that people tend to avoid cognitive dissonance. In other words, the Internet is often used to reinforce one's own opinion, bias and prejudice. It does not necessarily alter public opinion nor does it lead to informed public judgement. The experience of other countries also warrants examination. In Norway, an Internet service was set up for citizens to communicate with Parliamentarians. Within weeks of launching the new service, elected officials were drowned in e-mails so they decided to shut down the service.

A participant stated that the quality of the information found on the Internet is suspect. Will government continue to provide a full range of information? Will it audit the information posted by large corporations and advocacy groups?

There is also a need to map the extent of use of ICTs in service delivery. How can ICTs help restore public trust in government? It was felt that if ICTs are used as only one channel, complementary to others in the service delivery process, then democracy will be served. Otherwise, the Internet will be seen as another medium to 'manufacture consent'.

The issue of accountability was raised. Two models of accountability are currently in opposition: the vindictive model (accuse and assign blame) versus the remedial model (taking corrective measure and learning). Vindictive accountability is not new; it has always been a feature of a responsible parliamentary government. However, we need to move to a more positive

and constructive model of accountability. This will require a re-engineering of the political system.

At this stage, we are only able to speculate about the impacts of ICTs. There is a need to examine technology from a historical perspective, to look at past technologies (phone, mail, radio, TV, etc.) and draw analogies.

5. The Role of Government in Governance - moderated by Mr. Guillaume Bissonnette, Director General, Finance Canada

5.1 Overview of paper prepared by Professor Vincent Lemieux, Université Laval

Emerging definitions of the concept of "governance" are forcing us to reconceptualize the roles of government; Professor Lemieux's discussion seeks to improve our knowledge of these changing and emerging roles as they relate to governance.

To begin, Professor Lemieux defines the three interrelated concepts of "governing," "governance" and "government" following which he summarizes four models which offer disparate interpretations of the role of government in the concept of governance.

"Governing" is described as "the processes through which political, administrative or social actors seek to apply solutions to problems that society is concerned with." For the purposes of his discussion, Lemieux uses the term to denote a "regulation approach" to problems, adding that this regulation can be construed as public policy encompassing the emergence, formulation and implementation of policy. "Governance" refers to "processes of governing by public policy networks that include both public and private sector actors." In this new conception, government plays a less prominent role than it did in traditional models. Finally, "government" is used to denote elected representatives and their associates such as the Privy Council Office and Treasury Board of Canada. Although government now plays a reduced role in governance, government actors remain part of all governing processes.

Traditional theories of democracy have posited that, because it is representative of society, government enjoys more legitimacy in the governance process than other actors. Accordingly, government has the "final say in governance processes that lead to new public policy" and their involvement in all processes helps ensure that policy is coherent. These theories, however, have been contested by scholars who have developed four alternative models which describe the "actual" role played by government. The first of these models, ascribed to Allison and Dunleavy, is a pluralist interpretation in which different actors (bureaucracies and political leaders) defend their own organizational interests. One of the shortcomings of this approach, according to Lemieux, is that it fails to take private sector actors into account. The second model presented by Lemieux is a Marxist interpretation which views government as an instrument and describes private sector actors as often dominant in the process of governance. The third model presented

is the "public policy entrepreneur" model which portrays public policy leaders as providing leadership to enhance their own prestige and power. Osborne and Gaebler's 1992 book, *Re-inventing Government,* has helped popularize this conception of the public actor as entrepreneur, although in their view, government actors are most likely to embody this quality. Finally, the fourth model presents government leaders as "symbol managers" who have the "potential ability to arouse very strong emotions in the general population, either in the form of encouragement or fear." Although the workability of this model is problematic, according to Lemieux, it captures the "symbolic character of political action" through which government attempts to establish its legitimacy. Lemieux concludes his presentation of these four models by noting that the "public policy entrepreneur" model most closely reflects the role of government in governance. He further observes that two new roles for government have emerged in contemporary governance: government as 'referee' in which the State assumes a predominant arbitration role between diverging interests and government as 'supervisor' in which the State assumes a predominantly oversight role.

Twelve case studies of specific policy issues, both Canadian and international, are presented to illustrate the role played by government. While they are too lengthy to be presented in their entirety, Lemieux discerns certain patterns based on government action in each of the cases. Although government often assumed more than one role, Lemieux observes that government was frequently one of several actors (pluralist model) in issues of policy. Often, they played an entrepreneurial role, yet very rarely did they assume either a symbol manager or instrument role. Based on his assessment, Lemieux proposes that other typologies might need to be developed to properly describe the role of government, noting that their roles might differ based on political culture or policy sector.

Professor Lemieux proposes that the following areas be further explored:

- The factors affecting government roles
- Government roles in different processes and at different stages of the policy process
- How government actors and other actors relate to each other.

5.2 Commentary by Mr. Terje Dyrstad, DG, Labour and Government Administration, Norway

Terje Dyrstad presented an overview of the public sector in Norway in addition to providing basic tombstone data on his country. He also presented a brief introduction to the organization of government and its roles. "The Nordic Model" is often used in Dyrstad's country to refer to the relatively strong role of the public sector and the welfare state. Norway is also referred to as the 'consensus society'.

Reducing the public sector has never been an explicit goal of Norwegian government. Rather, the objective has been to reduce growth in public expenditures. At present, Norway has

substantial surpluses in the government budget and significant allocations to reserve for harder times. There are no financial reasons to undertake a critical review of the public portfolio. Norway has not had a fundamental discussion on the role of government to evaluate what the public sector is best suited to take charge of and what is best performed by private sector players. Privatization, deregulation, and contracting out enjoy little support among the Norwegian population, employees and the political community and the government has been hesitant to undertake reforms.

A main challenge for the government, as both owner and exerciser of authority, is to balance different considerations. The priorities of public management in Norway are to secure a user-oriented, politically manageable, efficient, open and democratic public administration, which is the servant of the people and democracy.

Recent policy developments in Norway focus on: 1) informing citizens of legal rights and obligations; 2) setting time limits by law (for government operations); 3) electronic government; 4) use of competition in the public sector; 5) Norway 2030 (a prospective study in public management reform); 6) electronic registers of incoming and outgoing documents; 7) "One-Stop Shops;" and 8) a new version of the procedural guidelines for official government studies and reports.

Lemieux's paper illustrated many of the trends and issues regarding the role of government in Norway. Dyrstad suggested the following knowledge gaps be addressed: what are the new roles of government? Why is there more government involvement on some issues relative to others? How should conflicts between government's roles be resolved? What is the relationship between outputs and outcomes?

5.3 Commentary by Mr. Seppo Tiihonen, Counsellor, Department of Finance, Finland

Seppo Tiihonen started by giving a brief overview of his country, offering such information as GDP, unemployment rate and government expenditures. He stressed the importance of addressing the future of the welfare society in Finland, where the state has played a major role in solving most social and economic problems. The Scandinavian welfare society is based on the institutional redistributive model of social policy. It functions independently of market logic and has been premised on solidarity and consensus. The state has the power to regulate the social field and to participate in the wage bargaining process with labour market unions. The welfare systems cover the entire population, not just groups unable to care for themselves.

In Finland, awareness of the importance of institutional and governance reforms has grown gradually. The public sector reforms of the 90's have shown the importance of public institutions for the efficiency of the economy. Three major dimensions are at the core of discussions on the future of the public sector: 1) the size and role of the public sector; 2) the national system of governance and 3) public services and public administration. In the past, the

main emphasis has been on public management reforms and the role of the public sector. In the future, it will be focused on governance. Tiihonen defined governance as the core functions of the state.

Economic development in Finland has been very favourable for the last five or six years but unemployment remains high. Globalization and the high level of public debt are sources of uncertainty. The demographic challenge to public finances is likely to channel the discussion towards the sustainability of the public sector in the long run, the efficiency of public services, the financing of public welfare services and the modernization of social security systems. The effects of globalization on the future of the state should also be assessed. One of the most realistic scenarios among the many different development forecasts predicts that national authority in governance will slowly weaken vis-à-vis the responsibility of global governance.
The demand for institutions of global governance will correspondingly increase, which is a likely outcome of the globalization of businesses and markets. It is feared that the growth of global governance may disrupt systems of market steering, built on a national basis. The state's authority to steer the economy and the markets will weaken. The Finnish government has launched a special project to examine the effects of globalization on taxation.

On political governance, Tiihonen stressed the importance of institutions and different governance models for economic success and international competitiveness. Investors are also increasingly interested in governance models, especially as they relate to resource allocation. Political governance has many dimensions, ranging from maintaining legal order and the authority of the government to hierarchical interventions and the maintaining of democratic legitimacy of the political system and the administration of the legal system. The analysis of political governance of the economy and society is based on the notion that present institutions are undergoing a fundamental process of transformation. The government plays a fairly general role in governance, bearing the responsibility of co-ordinating the system. Governance of the economic field and markets are undergoing changes as radical as in the Industrial Revolution period. New institutions are being created. Thus, the effects from new management methods, structures and governance processes need to be better understood. There are also important changes in the social sector and in the public service that need to be elucidated. Tiihonen concluded his remarks by proposing that the role of the nation state in global governance be explored, that the implications of global governance on national governance be researched and that the role of institutions in governance be studied.

5.4 Discussion

There is a need to think about the tools of government ("carrots, sticks and prayers") as well as how the state intervenes in different policy fields. In considering the role of government, we should incorporate the tools and methods for analyzing and managing risk. Further, the relationship between private and public actors should not be neglected in an examination of roles and policy instruments. In many areas, the corporate sector plays a determining role in defining

policy. A set of case studies to look at different policy fields would be revealing – a suggested topic was how the agricultural sector has adjusted to globalization.

The role of networks also needs to be considered. How do sets of interests coalesce around particular issues and how are they influenced? In a policy network environment, what kind of tools are operative, and under which conditions do they work best? The combination and synergy between tools in policy networks should also be examined.

The fact that government has legitimacy and a set of institutional advantages should not be overlooked in any further analysis of government's role. The many challenges to state legitimacy as a result of economic integration and globalization also need to be examined.

In addressing the role of government, three questions should be addressed: 1) What is happening? 2)Why is it happening? and 3) Do we want it to happen? Other issues should include the speed of governance, as business believes that governments are too slow. Can the speed of government be increased without altering its mission to protect the public interest? What is the function of the public service in the determination of roles of government?

6. *Public Sector Reform*
- moderated by Mr. David Good, ADM, HRDC

6.1 Overview of paper prepared by Professor Peter Aucoin, Dalhousie University

Professor Aucoin's study examines the ability of the Canadian public service to function as a learning organization, which he considers critical if the momentum of public service reform is to be maintained. Although the concept of the learning organization is not new, and indeed, there has always been a belief that the public service functioned as an organization committed to learning, the importance of this idea has been far more pronounced in recent years. This is due, in part, to the focus on this concept in the private sector due to the demands of the new, knowledge-based economy.

To begin, Aucoin places the issue of public service reform in context, listing current factors driving this reform. They include: increased citizen expectation of the quality of public service, increased expectations from political leaders regarding the responsiveness of the public service, a lack of deference on the part of public servants towards authority and hierarchy and the impact of ICTs on administrative systems in the public service.

There are currently four distinct paradigms of public service; locating the Canadian public service this way helps contextualize its approach to public service reform. According to Aucoin, Canada fits into the "professional public service" paradigm, which assumes, amongst other things: (a) that there is a "seamless connection" between policy and operations and; (b) "that the public service functions as a learning organization." This latter assumption helps "justify" public trust in

the public service. Reforms to the Canadian public service have differed from those in countries with different paradigms, most notably, perhaps, in their assumption that a professional public service is critical to good governance. Furthermore, "the Canadian approach assumes that a professional public service constitutes public value because such a service is managed as a learning organization."

Although Aucoin goes on to add nuances to this definition, a learning organization can be described as an "entreprise that exploits its collective capacity to learn and apply what is learned by integrating the dictates of management with the dictates of science" (from Leonard-Barton, 1995). "Collective" refers to the idea that staff at all levels of the learning organization engage in learning initiatives.

In relation to Aucoin's terms of reference, the ability of the Canadian public service to operate as a learning organization will be contingent on four crucial requirements, foremost among them: "whether we have invested sufficiently in the capacity of the public service to perform its principal core administrative functions , each of which requires that it develop and apply knowledge." The second "necessary resources" requirement, dictates the provision of adequate resources be provided to ensure that organizational learning is possible. While straightforward in theory, deciding on funding is not always clear. A challenge in the public service will be to justify this type of expenditure on the basis that learning adds value to the organization. The "systems" requirement refers to the processes in the public service "by which authority, responsibility and accountability within the public service are assigned and made part of the working environment." Briefly stated, these systems will affect the ability of the public service to function as a learning organization if they "impede the culture of continuous learning." While the delegation of authority and the delayering of management might enhance service delivery, they may simultaneously complicate the processes of organizational learning. Aucoin suggests that control systems throughout the bureaucracy need to be examined. The last requirement is that of "learning networks." A succinct definition of this idea is offered as: "the organized means whereby public servants learn through their connections with other officials in their organization, with other organizations within their government, in other governments, in international organizations or with experts outside of government." (Bakvis 2000) These networks encompass comparative learning and should ideally allow officials to learn in areas outside their assigned tasks. Failure to promote and develop these networks will retard the learning process.

Elements of Aucoin's research plan include:

- constructing a management tool to develop an "explicit model" of the learning organization;
- carrying out process studies to determine the extent to which they support organizational learning;
- preparing case studies to exemplify best practices in the area.

6.2 Commentary by Mr. Simon Kennedy, Director, Operations, Plans and Priorities, PCO

Simon Kennedy's discussion was premised on the idea that globalization forces the issue of learning. A few decades ago, government had a monopoly over policy analysis and advice. With the advent of new technologies, interest groups now have more power and so do other stakeholders in governance processes. Government, however, is the only entity focused on the public interest. It has expertise in public policy and can leverage the diversity of its workforce. To become a learning organization, it now needs to examine issues of accountability. There is confusion around accountability and hierarchy; accountability for learning needs to be disentangled from hierarchy. Ideas do not come only from the top of the organization. (The CCMD Roundtable on organizational learning has taken a bottom-up view of learning.) The question of resourcing also needs to be addressed. Finally, as suggested by Aucoin, the politics of learning cannot be avoided. Conflict and tension should be managed as an integral part of a strategy to promote organizational learning.

6.3 Commentary by Ms. Lim Huay Chih, Head of PS 21 Office, Singapore

In 1994, Singapore's Public Service began to ask itself the question: "How well-adjusted and positioned are we for the challenges of the 21st century?" As a result of this self-questioning, the Public Service for the 21st Century (PS 21) movement was born, as a movement to reform Singapore's Public Service so that it actively anticipates, welcomes and executes change, with the objective to better serve Singapore and its citizens.

Since its inception in 1995, many key public service initiatives and changes have been put in place. Some, such as scenario planning, the devolution of personnel management from central ministries to individual government agencies and the Autonomous Agency concept, came under the original aegis of PS21 and have now been internalized as core public service processes. A number of cross-ministry initiatives that seek to deliver better integrated public services have also been launched and implemented. These include the e-Citizen Centre, the one-stop government services centre, the Public Service Online project, the Customer Perception Surveys, the Singapore Quality Award and a venture-capital-like initiative called "The Enterprise Challenge" which seeks innovations for improving public services.

Significantly, the majority of service improvement changes in the public service have come from individual agencies themselves, as part of their own development and mission, and in response to the spirit of public service excellence. Examples include the Electronic Road Pricing system and the nation-wide tax e-filing system. These efforts are exemplary of the spirit of innovation and service which PS21 advocates for the public service.

While the PS21 movement has clearly made some progress with inculcating PS21 values into the public service as a whole, the movement itself needs to evolve in anticipation and response to changes in the global and national environment. In early 2000, a critical self-

assessment was made of the PS21 movement. This resulted in a redefinition of the PS21 vision - a Singapore Public Service which is fully able to serve the nation in the fundamentally new environment of the 21st century.

In response to Aucoin's paper, Lim Huay Chih observed that Singapore embodies the four paradigms with slight variations identified in his analysis.

6.4 Discussion

Participants felt that performance measurement has always been part of the Canadian public sector model. The model's chief weakness, however, has been the lack of utilization of performance information for policy setting and program management. Others believed that tying performance too closely to results stifles learning; performance should be used as a trigger and early warning system for learning, not as an inhibitor.

What is the role of leadership in organizational learning? Not only must individuals learn, but so too must organizations. Leadership is required for organizations to learn. The obstacles to learning also need to be better understood.

There is a strong tendency to import private sector models (such as knowledge management and intellectual capital) and impose them on the public sector. This trend should be closely examined. Others wondered why there is no reference to empowerment in the current discourse on learning, asking whether it was because the term itself has been overused and is too ambiguous.

Some opposed the view that 'you can't learn if you don't take action'. The process of experimentation requires being freed up from the operational considerations of program implementation. It also requires a considerable amount of reflection and analysis, all of which are difficult when one is caught in the day-to-day operational turmoil. The key impediment to learning is that there is virtually no space and time to do the learning: individuals cannot be expected to apply policy and innovate at the same time. Structural changes in the organization of work will be needed. Furthermore, exchanges between government and other sectors could facilitate organizational learning. If there is an effort to continuously improve and plan strategically, then learning is important. The separation between the 'thinkers' and the 'doers' is not sustainable.

The question of what to learn should also be addressed. Should people learn how the system works or should they learn technical skills? Should they learn what will "wash" and what will not? If this is the case, then organizational learning will not live up to its organizational renewal promise. We need also to ask how individuals and organizations learn from mistakes. What is the nature of advocacy and contestation within our system? A key challenge of the public service is to build a diverse workforce.

The learning organization is not a foregone conclusion: countries who have experienced other models (such as politicization) have seen their policy capacity dwindle. A comparative analysis of organizational learning in the UK's Joined Up Government initiatives could prove interesting in this regard.

7. Closing remarks by Madame Jocelyne Bourgon, President of CCMD

Madame Bourgon thanked participants for their excellent participation. The Research Group stated its intention to carefully analyze the content of the papers and the results of the conference deliberations and craft a set of researchable questions. Significant issues have been raised that should be taken into consideration in re-shaping the management agenda of the public service. The governance issues that emerged in the discussion require significant study and CCMD will develop an inclusive research agenda, from which it can then select those issues which are most relevant to its own mandate. The conference discussions also revealed some cross-cutting issues which will need to be addressed. First, although technology is a key determinant in shaping representative democracy, citizenship and the role of government, its impacts are far from being well understood by government, civil society, the corporate sector and the global community. Second, there are significant 'learning imperatives' for the public service behind all important policy and management thrusts such as citizen-centred service, citizen engagement, government on line, risk management and results-based management. These learning imperatives must be addressed if the public sector is to continue to provide value-added to society.

Appendices

I. Conference Agenda

II. List of Participants

III. Discussants' Reports

APPENDIX I

Conference Agenda

Canadian Centre for Management Development | Centre canadien de gestion

http://www.ccmd-ccg.gc.ca

CCMD CONFERENCE ON MODERNIZING GOVERNANCE
CONFÉRENCE DU CCG SUR LA MODERNISATION DE LA GOUVERNANCE

Wednesday, May 3, 2000 / *Le mercredi 3 mai 2000*
65 Guigues Street / *65, rue Guigues*
Ottawa

(Simultaneous translation will be provided / *Le service d'interprétation sera offert*)

This Conference on Modernizing Governance is designed around four sub-theme sessions: citizens and citizenship, representative democracy, role of government and public service reform. These four sub-themes constitute the basis of CCMD's long term *Research Plan on Modernizing Governance.* The key objectives of this Conference are to engage senior officials and academics in an in-depth dialogue on the most important research questions which need to be addressed in order to advance our knowledge about changes in governance and to help governments prepare for the future challenges.

Cette Conférence sur la modernisation de la gouvernance s'articule autour de quatre sous-thèmes: citoyens et citoyenneté, démocratie représentative, rôle de l'État et réforme de la fonction publique. Ces quatre sous-thèmes constituent la fondation du Plan de recherche à long terme du CCG portant sur la modernisation de la gouvernance. Les objectifs principaux de cette Conférence sont d'engager des hauts fonctionnaires et des universitaires dans un dialogue en profondeur sur les plus importantes questions de recherche devant être abordées afin de faire avancer l'état des connaissances sur les changements affectant la gouvernance et d'aider les gouvernements à se préparer aux défis futurs.

Wednesday, May 3 / *Le mercredi 3 mai*

08:00 - 08:30 Collaboration Lounge / *Salon de la collaboration*	Registration and Continental Breakfast / *Inscription et petit déjeuner continental*	
08:30 - 08:45 C105-106	Welcome / *Allocution de bienvenue*	**Jocelyne Bourgon**, President, CCMD / *Présidente du CCG*

FOR ALL THOSE WHO BELIEVE IN EXCELLENCE • POUR CEUX ET CELLES QUI CROIENT EN L'EXCELLENCE

Canada

08:45 - 10:15 **SESSION THEME / *THÈME DE LA SESSION***
C105-106 **Citizens and Citizenship / *Citoyens et citoyenneté***

Moderator / *Modérateur:*

Norman Moyer, Assistant Deputy Minister, Canadian Identity, Canadian Heritage / *Sous-ministre adjoint, Identité canadienne, Patrimoine canadien*

Panelists / *Panélistes:*

The Changing Boundaries of Citizenship: A Review and a Research Agenda

Jane Jenson, Canadian Policy Research Networks Inc. and Université de Montréal / *Réseaux canadiens de recherche en politiques publiques et Université de Montréal*

Martin Papillon, Department of Political Science, York University / *Département de science politique, Université York*

Commentators / Commentateurs:

Lisa Young — Institute for Research on Public Policy and Professor of Political Science, University of Calgary / *Institut de recherche en politiques publiques et professeure de science politique, Université de Calgary*

Jens Kromann Kristensen — Project Manager, OECD/PUMA (Danish Ministry of Finance) / *Gestionnaire de projet, OCDE/PUMA (Ministère des finances du Danemark)*

10:15 - 10:45 Break / *Pause*

10:45 - 12:15 **SESSION THEME / *THÈME DE LA SESSION***
C105-106 **Representative Democracy / *Démocratie représentative***

Moderator / *Modérateur:*

Cynthia Williams, Executive Director, Public Service Commission / *Directrice exécutive, Commission de la fonction publique*

Panelist / *Panéliste:*

The Future of Representative Democracy: The Impact of Information Technology

Paul Thomas, Duff Roblin Professor of Political Science, University of Manitoba / *Professeur Duff Roblin de science politique, Université du Manitoba*

FOR ALL THOSE WHO BELIEVE IN EXCELLENCE • POUR CEUX ET CELLES QUI CROIENT EN L'EXCELLENCE

Commentators / Commentateurs:

Denis Stairs — Institute for Research on Public Policy and Professor of Politicial Science, Dalhousie University / *Institut de recherche en politiques publiques et Professeur de science politique, Université Dalhousie*

Kenneth Kernaghan — Professor of Political Science, Brock University and CCMD Fellow / *Professeur de science politique, Université Brock, et Collaborateur émérite du CCG*

12:15 - 13:15 Lunch / *Déjeuner*
Dining Room / *Salle à manger*

13:15 - 14:45 **SESSION THEME / *THÈME DE LA SESSION***
C105-106 **Role of Government / *Rôle de l'État***

Moderator / *Modérateur:*

Guillaume Bissonnette, Director General Federal-Provincial Relations and Social Policy, Department of Finance Canada / *Directeur général, Relations fédérales-provinciales et politiques sociales, Ministère des finances Canada*

Panelist / *Panéliste:*

The Role of Government in Governance / *Le rôle du gouvernement dans la gouvernance*

Vincent Lemieux, Professor of Political Science, Université Laval / *Professeur de science politique, Université Laval*

Commentators / Commentateurs:

Terje Dyrstad — Deputy Director General, Ministry of Labour and Government Administration, Norway / *Sous-directeur général, Ministère du Travail et Administration du gouvernement, Norvège*

Seppo Tiihonen — Counsellor, Ministry of Finance, Finland / *Conseiller, Ministère des finances, Finlande*

14:45 - 15:00 Break / *Pause*

FOR ALL THOSE WHO BELIEVE IN EXCELLENCE • POUR CEUX ET CELLES QUI CROIENT EN L'EXCELLENCE

Canadian Centre for Management Development | Centre canadien de gestion

http://www.ccmd-ccg.gc.ca

15:00 - 16:30 **SESSION THEME / *THÈME DE LA SESSION***
C-105-106 **Public Service Reform / *Réforme de la fonction publique***

Moderator / *Modérateur:*

David Good, Assistant Deputy Minister, Human Resources Investment Branch, Human Resources Development Canada / *Sous-ministre adjoint, Investissement dans les ressources humaines, Développement des ressources humaines Canada*

Panelist / *Panéliste:*

Public Service Reform: Maintaining the Momentum

Peter Aucoin, McCulloch Professor in Political Science and Professor of Public Administration, Dalhousie University / *Professeur McCulloch de science politique et professeur d'administration publique, Université Dalhousie*

Commentators / Commentateurs:

Simon Kennedy — Director of Operations, Priorities and Planning, Privy Council Office / *Directeur, Priorités et planification, Bureau du Conseil privé*

Lim Huay Chih — Head of the Public Service for the 21st Century Office (PS21), Government of Singapore / *Chef du Bureau de la fonction publique pour le 21e siècle, Gouvernement de Singapour*

16:30 - 17:00 Closing remarks / *Mot de la fin* — **Jocelyne Bourgon**, President, CCMD / *Présidente du CCG*

17:00 - 18:00 Collaboration Lounge / *Salon de la collaboration* — Reception with participants of CCMD Annual University Seminar / *Réception avec les participants du Séminaire annuel du CCG à l'intention des universitaires*

FOR ALL THOSE WHO BELIEVE IN EXCELLENCE • POUR CEUX ET CELLES QUI CROIENT EN L'EXCELLENCE

Canada

Canadian Centre for Management Development | Centre canadien de gestion

CCMD
CCG

http://www.ccmd.ccg.gc.ca

CCMD would like to thank the following organizations for helping to make possible the participation of their representative(s) at this conference: /
Le CCG voudrait remercier les organisations suivantes qui ont aidé à rendre possible la participation de leur(s) représentant(es) à cette conférence :

ODIN

OECD
OCDE

PUMA
PUMA

MINISTRY OF FINANCE
FINLAND

PS21 OFFICE
Public Service for the 21 st Century
and
CIVIL SERVICE COLLEGE
SINGAPORE

IRPP
INSTITUTE FOR RESEARCH ON PUBLIC POLICY
INSTITUT DE RECHERCHE EN POLITIQUES PUBLIQUES

FOR ALL THOSE WHO BELIEVE IN EXCELLENCE • POUR CEUX ET CELLES QUI CROIENT EN L'EXCELLENCE

Canada

APPENDIX II

List of Participants

CONFERENCE ON MODERNIZING GOVERNANCE
CONFÉRENCE SUR LA MODERNISATION DE LA GOUVERNANCE

MAY 3, 2000 / *3 MAI 2000*

LIST OF PARTICIPANTS / *LISTE DES PARTICIPANTS*

Peter Aucoin
McCulloch Professor in Political Science and Professor of Public Administration, Dalhousie University / *Professeur McCulloch de science politique et professeur d'administration publique, Université Dalhousie*

Jocelyne Bourgon
President, CCMD / *Présidente, CCG*

Raymond D'Aoust
Director, Strategic Planning and Relations, CCMD / *Directeur, Planification et relations stratégiques, CCG*

Terje Dyrstad
Deputy Director General, Ministry of Labour and Government Administration, Norway / *Sous-directeur général, Ministère du Travail et Administration du gouvernement, Norvège*

David Elder
Assistant Secretary to the Cabinet, Machinery of Government, Privy Council Office / *Secrétaire adjoint du Cabinet, Appareil gouvernemental, Bureau du Conseil privé*

Guillaume Bissonnette
Director General, Federal-Provincial Relations and Social Policy, Department of Finance Canada / *Directeur général, Relations fédérales-provinciales et politiques sociales, Ministère des finances Canada*

Kok Chung Cheang
Deputy Director, Institute of Policy Development, Singapore Civil Service College / *Sous-directeur, Institut du développement des politiques, Collège du service civil de Singapour*

Maurice Demers
Director General, Strategic Research and Planning, CCMD / *Directeur général, Recherche et planification stratégiques, CCG*

John Edwards
Member of CCMD Board of Governors / *Membre du Conseil d'administration du CCG*

David Good
Assistant Deputy Minister, Human Resources Investment Branch, Human Resources Development Canada / *Sous-ministre adjoint, Investissement dans les ressources humaines, Développement des ressources humaines Canada*

Canadian Centre for Management Development / Centre canadien de gestion

David Holdsworth
Vice-President, International Cooperation, CCMD / *Vice-président, Coopération internationale, CCG*

Jane Jenson
Canadian Policy Research Networks and Université de Montréal / Réseaux canadiens de recherche sur les politiques et Université de Montréal

Kenneth Kernaghan
Professor of Political Science, Brock University and CCMD Fellow / *Professeur de science politique, Université Brock et collaborateur émérite du CCG*

Vincent Lemieux, Professor of Political Science, Université Laval / *Professeur de science politique, Université Laval*

Catherine MacQuarrie
Director, Self-Government Policy Directorate, Department of Indians and Northern Affairs / *Directrice, Direction de la politique sur l'autonomie gouvernementale, Ministère des Affaires indiennes et du Nord*

Martin Papillon
Department of Political Science, York University / *Département de science politique, Université York*

Denis Stairs
Institute for Research on Public Policy and Professor of Politicial Science, Dalhousie University / *Institut de recherche en politiques publiques et professeur de science politique, Université Dalhousie*

Paul Howe
Research Director, Institute for Research on Public Policy / *Directeur de la recherche, Institut de recherche en politiques publiques*

Simon Kennedy
Director of Operations, Priorities and Planning, Privy Council Office / *Directeur, Priorités et planification, Bureau du Conseil privé*

Jens Kromann Kristensen
Project Manager, OECD/PUMA (Danish Ministry of Finance) / *Gestionnaire de projet, OCDE/PUMA (Ministère des finances du Danemark)*

Huay-Chih Lim
Head, Office of Public Service for the 21st Century Office (PS21), Government of Singapore / *Chef, Bureau de la fonction publique pour le 21e siècle, Gouvernement de Singapour*

Norman Moyer
Assistant Deputy Minister, Canadian Identity, Canadian Heritage / *Sous-ministre adjoint, Identité canadienne, Patrimoine canadien*

Guy Peters
Professor of Political Science, University of Pittsburgh and CCMD Fellow / *Professeur de science politique, Université de Pittsburgh et collaborateur émérite du CCG*

Paul Thomas
Duff Roblin Professor of Political Science, University of Manitoba / *Professeur Duff Roblin de science politique, Université du Manitoba*

http://www.ccmd-ccg.gc.ca

Canada

Seppo Tiihonen
Counsellor, Ministry of Finance, Finland / *Conseiller, Ministère des finances, Finlande*

Cynthia Williams
Executive Director, Public Service Commission of Canada / *Directrice exécutive, Commission de la fonction publique du Canada*

Lisa Young
Institute for Research on Public Policy and Professor of Political Science, University of Calgary / *Institut de recherche en politiques publiques et professeure de science politique, Université de Calgary*

Conference Team / Équipe

Coordinator/*Coordonnateur :*	Patrick Boisvert - (613) 943-3171
Administrative Support / *Soutien administratif :*	Anne Morin - (613) 996-3955 Anna-Maria Raposo - (613) 995-6374

http://www.ccmd-ccg.gc.ca

APPENDIX III

Reports of Discussants

THE PARTICIPATORY DIMENSION OF CITIZENSHIP:
The Role of Linkage Organizations

Commentary by Lisa Young, Ph.D.
Assistant Professor
University of Calgary

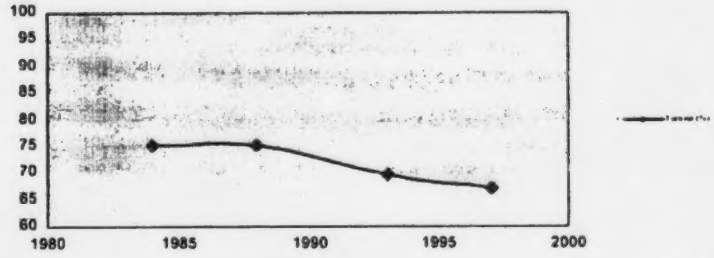
In my presentation, I will pick up on one particular issue raised by Jenson and Papillon: the participatory aspect of citizenship. As they point out, "the reality of that right and access to participation remains an issue" as access to elected office is, in reality, limited by financial and demographic factors. They also point out that declining levels of political participation are cause for concern in some quarters, and are often linked to declining confidence in political institutions and organizations. I will use this as a point of departure for an examination of current discussions surrounding the participatory aspect of citizenship. I will give a brief overview of the evidence that leads to this concern, and discuss two of the explanations for declining citizen participation and confidence in government. I will conclude with a brief discussion of the importance of linkage mechanisms, which is to say the organizations (notably political parties, interest groups and social movements) that organize much of the interaction between citizens and the state. My core contention is that the citizenship literature which Jenson and Papillon have reviewed does not come to terms with the question of participation and citizen confidence in part because it focuses only on citizens rather than on the health of the organizations which channel political participation in a modern democracy.

Citizen Disaffection

Although it should not be overstated, there is some cause for concern in terms of citizen participation and citizen satisfaction with the democratic process:

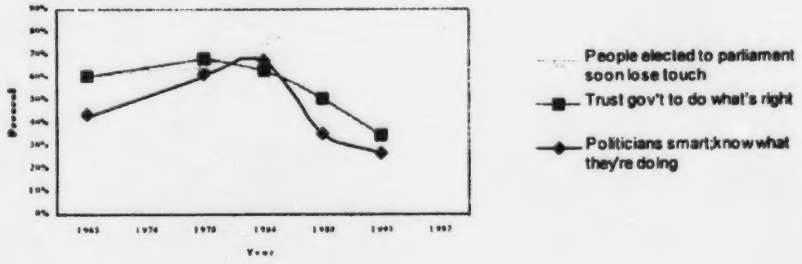
- Voter turnout is declining steadily; As a percentage of voting-age population it is even lower than the 67% it hit in 1997.

Turnout in Federal Elections (%)



- There has been a substantial decline in confidence in politicians, political parties, and government

Measures of Public Confidence

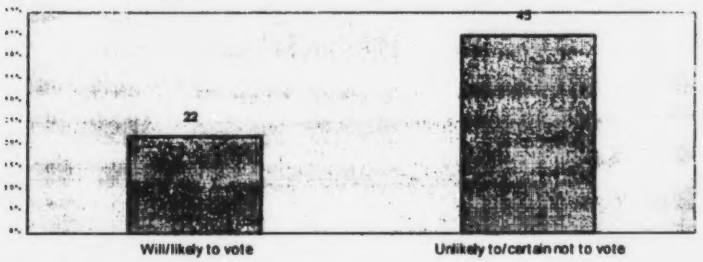


- – *41% not very/not at all satisfied with the way democracy works in* Canada
  - 16% think who people vote for can make a difference
  - 83% think people elected to Parliament soon loose touch
  - 67% think Government doesn't care what people think

An overall portrait shows that Canadians are basically supportive of the democratic process. Many are, however, deeply dissatisfied with the day to day workings of the political system and are distrustful of the parties that animate it and the individuals who populate it. The source of much of this discontent appears to be the perception that parties and politicians are out of touch with the views of voters. Related to this is a growing belief that populism offers the solution to these problems. Fully two-thirds of respondents to the 1997 CES indicated that "we could solve our national problems if we bring decisions back to the grassroots."

Should we be concerned with these expressions of discontent? On the one hand, it is tempting to answer "no" as the apparently discontented Canadian electorate returned the incumbent government to office in 1997. On the other hand, the Chrétien government was re-elected by 38% of the 67% of the electorate who voted. Moreover, there is a relationship between expressions of discontent with government and non-voting:

Dissatisfaction with the political system



Source: Calculated from CES 1997

In short, there are behavioural manifestations of this attitudinal discontent.

Explanations for the Rise of Discontent

There are numerous possible explanations for this rise of citizen discontent, but two have considerable currency: the cognitive mobilization explanation and the civil society explanation.

Cognitive Mobilization

This explanation begins with the empirically-grounded observation that citizens in industrialized democracies have become better-educated and more interested in politics in recent decades. Distrust of government, in this view, is a rational assessment by an informed citizen. This is in keeping with Nevitte's (1996) analysis of the "decline of deference" in the Canadian population, as rising levels of education have contributed to an informed distrust of traditional political institutions. Working within this tradition, Roese (1999) found that Canadians who have a strong sense of political efficacy (the belief that they can affect political outcomes) and who are politically active are *less* trusting of government overall. Similarly, Nevitte (1996) concludes that declining confidence in political institutions among Canadians can be attributed to age, education, interest in politics and post-materialist value orientations. In this view, then, citizen disaffection is a less pressing source of concern, as it simply reflects the increasing sophistication

of Canada's "critical citizens."

This argument goes a long way to explaining disaffection with politics among affluent and well-educated Canadians. Essentially, it speaks to a cynicism grounded in an understanding of the potential for democratic governance, and the extent to which real-world government arrangements fall short. It may go some direction to explaining why Canadians are less likely to become involved in political organizations. But it does not explain one of the sources of concern identified above: the decline in voting. Gidengil *et. al. (*1999) find that turnout was lowest among the young, the less educated and the poor. These are hardly the affluent, well-educated cynics identified by the cognitive mobilization approach. Moreover, analysis of the 1997 Canadian Election Study demonstrates that the citizens who are the most dissatisfied with the Canadian political system are those with high school education or less, a household income below $35,000 and those over 55 years of age (Young 1999b).

Erosion of Civil Society

This explanation holds that declining involvement in the associations that comprise civil society contributes to a decline in "social capital" – norms of reciprocity and trust – which in turn erode the basis on which democratic governance flourishes. This argument has been brought to public attention by Robert Putnam, whose work garnered considerable media attention in the late 1990s. The basic argument is as follows: advanced industrialized nations, particularly the United States, have in recent years experienced a decline in the quality of civil society. This decline is manifested in decreasing levels of associational membership and a tendency away from recreational activities in groups. With this decline of civic engagement comes a decline in inter-personal trust. The existence of a relationship between civic engagement and interpersonal trust is predicated on the assumption that involvement in the life of the community instills in individuals the habits and practices of cooperation. Those who are engaged in the community, according to this theory, are more likely to be predisposed to trust others, and assume that others will behave according to a sort of unwritten code enshrining norms of reciprocity. Trust, in turn, is necessary to a functioning democracy. Numerous empirical studies conducted over the past forty years have shown a correlation between interpersonal trust and persistence of democratic institutions (Almond and Verba 1963; Inglehart 1990).[1] According to Brehm and Rahn (1997: 1008),

> These norms [of reciprocity] become part of a community's social capital, allowing people to make inferences about the intentions of others even when direct knowledge about them is unavailable. Generalized trust allows people to move out of familiar relationships in which trust is based on knowledge accumulated from long experience with particular people. If outcomes in a democracy are inherently

[1] This is, however, contested by the findings of Muller and Segilson (1994).

> uncertain … such global trust may be necessary in order for people to support democratic arrangements.

From this notion, it is clear that declining trust could potentially affect confidence in and willingness to engage with democratic governance.

An analysis of survey data from Alberta (Young 1999) suggests that there is some evidence supporting the basic civil society / social capital argument. Civic engagement does, to some degree, predict interpersonal trust. In part, the relationship between the two concepts can be attributed to their common determinants: age, post-secondary education, being married and relative affluence. Beyond this, however, there is some evidence that involvement in the associations that comprise civil society does foster trust of one's fellow citizens. Although civic engagement is not directly correlated with trust and confidence in political institutions, interpersonal trust is a strong predictor of both trust and confidence in political institutions. This lends some credence to the argument made by Putnam and others that declining civic engagement and interpersonal trust may, in turn, contribute to declining confidence in political institutions.

This argument goes some way toward explaining lower voter turnout among the young, the less educated and the poor. These groups are also less likely to be engaged in the organizations that constitute civil society. The civil society argument is also inadequate, however, as it masks the real sources of alienation. Arguably, failure to participate in the organizations that constitute civil society is not a personal failure of will, but rather a structural phenomenon. Individuals with few resources – be they money, time or knowledge – are less able to participate in civic life than the well-resourced. Perhaps it is not coincidental that these citizens are exiting the electoral process at precisely the time that the state is retreating from the notion of social citizenship.

Linkage Mechanisms

If we want to understand citizen participation in and evaluations of the political process fully, we must go beyond explanations that look solely at the characteristics of citizens. We need to look at the state of the organizations that provide linkage between citizens and their government in order to understand the potential for citizen participation and the evaluations citizens make of the political process.

Why focus on linkage mechanisms? It is certainly possible for citizens to participate in the political process directly, without any sort of intermediation between them and the state. Examples of this would include consultation process initiated by government that interact with individuals rather than interest groups, or referenda in which each citizen can cast a ballot and thereby advise the government. Of course, we know that there are pitfalls involved in such unmediated contact. It is difficult for government to engage citizens individually; government often goes to groups to find the "stakeholders" on an issue. Referenda have their pitfalls as well.

In both instances, there is less room for compromises and negotiation than would be the case if groups or political parties were involved. Moreover, one might go so far as to argue that atomized citizen participation is often ineffective; collective action is usually, if not always, necessary for effective intervention. Most interaction between citizens and the state, then is mediated – either by a political party (as is the case in voting in elections) or by an interest group of some sort. These organizations are, consequently, of crucial importance to understanding citizen participation.

Healthy intermediary organizations are consequently essential to citizen participation. There is little reason to worry about the vibrancy of interest groups: much of the evidence points to a citizen preference for interest groups over political parties as intermediary organizations. A recent Institute for Research on Public Policy (IRPP) survey found that citizens were three times as likely to choose an interest group over a political party as the best way to intervene on an issue they thought important. This brings us to the question of the state of political parties in Canada. (I do not mean to imply that participation in political parties is superior to participation in interest groups; rather, the focus on parties is based on a concern that parties are in less vibrant health and a conviction that the institutions of representative democracy cannot work in the absence of healthy parties).

What is the health of Canadian political parties? On one side of the ledger, it is worth noting that when Canadians are unhappy with the state of party politics, they react by supporting new parties. Certainly, that was the case in the profoundly important 1993 election (see Carty, Cross and Young 2000). On the other hand, Canadians' confidence in political parties is plummeting:

Confidence in Political Parties
(Great Deal/Quite a Lot)

It is difficult to discern the precise reason or reasons why Canadians are so disillusioned with their political parties. Certainly, the pervasive belief that the parties are all the same (40 to 55% report this on most surveys) does little to help. Moreover, the belief that parties do not care what people think contributes to this as well. Clearly, more research needs to be done to probe the reasons for this dissatisfaction.

The Royal Commission on Electoral Reform and Party Financing set out to bolster political parties as "primary political organizations" in its 1991 report. Its recommendations

toward this end took three forms: The first involved ensuring that political parties had access to the resources they needed in order to perform their assigned functions. Specific recommendations in this regard included making the political contribution tax credit more generous and providing funding for party policy-development foundations. The former will soon be implemented, and the latter has not been. The second approach involved limiting the role of interest groups during election campaigns by restricting spending extensively. This was implemented, and then struck down by the Courts. The Lortie Commission's third approach to strengthening political parties involved saving the parties from themselves through public regulation. This regulation would have governed the financial conduct of local associations, placed spending limits on nomination and leadership contests, and created incentives for parties to be more inclusive of women. None of these recommendations have been implemented, nor are they likely to be in the foreseeable future.

Had the parties adopted some of these regulations, they might possibly have improved their image somewhat. Certainly, the current spectacle of a leadership contest within the Canadian Alliance in which undisclosed amounts of money from undisclosed sources are being spent to purchase memberships does little to improve the public image of political parties. That said, none of these recommendations could get at the issue of responsiveness.

The Lortie Commission did not address one of the pressing issues facing political parties in the contemporary era: the difficult of mobilization. The landscape on which political parties currently operate is profoundly different from the one that political scientists first used to develop models of recruitment and linkage. Traditionally, political parties were able to draw on dense social networks in order to mobilize activists; these were highly localist, and sometimes based on sectional appeals. In contemporary Canadian society, these networks are largely absent. Contemporary social networks are highly diffuse, often centering around employment rather than residence. Moreover, they are not reinforcing. In short, the dense, localized social networks that could be used for political mobilization in the past are largely missing. It is not coincidence that the groups who are most easily mobilized for political parties in the contemporary period are relatively cohesive ethnic communities that resemble more traditional social networks.

How do political parties recruit activists and supporters in light of this? The answer, largely, is that they do not. Parties have come increasingly to rely on paid professionals for a sense of public opinion and on technology for a means of communicating with voters. Activists are increasingly missing from the picture. If we accept that parties are more responsive if they are made up of committed, involved activists, then it is important to answer the question: how can parties recruit and retain activists under current social conditions? The answer, in part, may lie with interest groups. Canadian parties have traditionally been somewhat suspicious of interest group activists who become involved in parties. Given that communities of opinion are more mobilizable than socially-delimited communities today, however, this may be an error of judgement.

There are limits to the ability of public policy to address the question of strengthening political parties. Certainly, the parties (who control the state on this issue) have proven amenable to bolstering their financial resources through public money, but they have not proven equally amenable to accepting regulation. There are few voices advocating greater regulation of parties in this regard, so change seems unlikely.

PUBLIC GOVERNANCE AND CITIZENSHIP IN DENMARK

Jens Kromann Kristensen
Danish Ministry of Finance,
seconded to PUMA, OECD[2]
April 2000, Paris

The Challenges of Citizenship and Public Governance

Citizenship and Public Governance

Citizenship concerns the relationship between citizens of a political community and the relationship between citizens and the public sector.

Thus perceived, citizenship is about political participation, responsibility and deliberation on the part of the individual citizen. But it is also about the legal framework, the political institutions and the administrative arrangements within which the individual citizen pursues his or her interests – single-handedly or jointly with other citizens.

Consequently, citizenship raises issues concerning citizens as well as the institutional framework; and it raises issues of rights as well as of responsibilities.

Furthermore, in complex societies in which increasing proportions of economic, social and cultural life are unfolded within or under the influence of the public sector, citizenship is not only relating to participation in formal democratic procedures such as voting in national elections or informal contributions to the democratic processes, e.g. signing protests or marching the streets. Citizenship is, and must also be understood as, an exercise of everyday life. We are citizens as consumers and producers on the market, as residents and landlords in a borough, and as users and providers of public services, etc.

Widened in this way, the challenge of citizenship can be seen as a challenge in reconciling the pursuit of the private interest of individual citizens with the public interest or the common good.

Citizenship, therefore, relates closely to the issues of governance, i.e. the formal and informal systems that direct the internal functioning of the spheres of the public sector, market;

---

[2] The views expressed in this paper are those of the author, and do not necessarily reflect those of the OECD, the Public Management Service (PUMA) within the OECD, or the Danish Ministry of Finance.

and the civil society and the formal and informal systems that direct the relationships between these spheres.

Good Public Governance, among other things, involves mechanisms to reconcile the pursuit of the private interest with the common good by the development of proper institutions, by supporting and nurturing the political culture, and, not least, by prudent political leadership.

Putting challenges into perspective

Much of the interest in public governance and citizenship seems to be generated by a feeling that the context for public governance is changing. Citizens' expectations are rising while their trust is falling, globalization is accelerating, economies are disturbed by technological innovations, the machinery of governance is challenged by the information explosion – and so on.

Many texts on public governance thus list challenges to "traditional" public governance – where traditional public governance is often imagined to be exercised by a Weberian ideal type unitary actor in a stable environment. However, at least six sobering points should be taken into account before proceeding along such a path:

First, in the long history, the state as we imagine it is a rather new structure.

Second, the state as an imagined unitary omnipotent actor has never been more than an "ideal type", which only some states in a few parts of the world have at times come close to resembling in reality.

Third, states have always been exposed to external challenges and changes (wars, social uprisings, macro economic shocks, technological innovations, etc.). What is currently going on is only one more shift in the nature of challenges.

Fourth, what are rhetorically formulated by decision makers (and others) as external challenges, or even threats, are often produced by political systems themselves to achieve political goals (globalization of financial markets, international co-operation in arrangements like the EU, better educated and more demanding populations, etc.)

Fifth, despite the current challenges to public governance, most political systems still have immense economic, social and intellectual powers at their disposal – including not least the monopoly on the legitimate use of physical power/force/coercion.

Sixth, although some challenges are common to many countries, notably the OECD countries, the number and nature of challenges and the degree to which countries are affected by them vary from country to country. One should especially take into consideration that the capacities of political systems to act on the challenges vary a lot among countries.

Thus, challenges and possibilities are (as always) prevalent and of big importance. And prudent leadership implies addressing the challenges. However, the situation is not fundamentally new, and some of the perceived challenges might be overestimated.

However, the almost global *awareness* of the changing conditions for public governance and citizenship opens up an opportunity for adjustments and for addressing issues both on the margins and at the core of public governance – if we so wish.

By contributing with a Danish perspective on the issues of public governance and citizenship, I hope to give inspiration to the CCMD research plan on modernising governance.

A. The Danish Context

Small and homogenous

Denmark has a small population, economy and territory. Economically the country is relatively wealthy as measured by GDP per head and it is characterized by one of the world's most equal income distributions.

Table 4. Basic indicators

	Denmark	Canada
Population (mill)	5.3	30,3
GDP (bn US$)	175	584
GDP per head (US$)	32.934	19.086
Current General Government Expenditure (% of GDP)	59,6	42,8
Tax burden (% of GDP)		
Total area (sq km)	43.000	9.976.000

Source: OECD in figures (1999 edition)
Note: Indicators for Denmark exclude Greenland

The public sector equals almost half of all economic activity in the country as most social services are produced by public sector employees and financed through taxes. Furthermore, comprehensive social transfers financed through general taxes and offered on a universal basis, characterize the system.

Denmark is a unitary constitutional monarchy with a unicameral 179-member Parliament elected by proportional representation. Parliament is elected for 4 years but can be dissolved before the end of the term.

Denmark became a member of the European Union in 1973. The country has 16 of the European Parliaments 626 seats, and 3 of the 87 votes in the Council of Ministers. Denmark has one seat in the European Commission.

Compared to other OECD countries, the population is culturally relatively homogeneous, if one disregards the largely self-governing areas of Greenland and the Faeroe Islands (in total a population of 100,000).

Highly decentralized

The Danish public sector is highly decentralized. Policy making, and especially policy implementation in many policy areas, is located at the county or municipal level, and these authorities have the right to levy their own taxes on land, property and income within nationally negotiated limits. Most social services are produced and partly financed by the 275 municipalities and 14 counties.

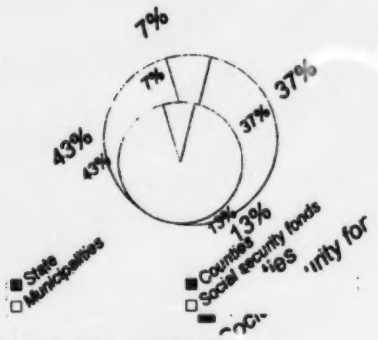


Figure **Figure 13**. The distribution of public expenditure in Denmark

A council is elected for each municipality and each county by proportional representation. These councils, which are elected for a period of 4 years, govern the municipalities and counties respectively, within limits set in national legislation and annual negotiations between the Government, the Association of County Councils and the National Association of Local Municipalities.

In addition, user boards are established in most institutions delivering public services such as childcare, care for the elderly, or primary schools.

Decentralization can be seen as the main approach to participation, consultation and information in Denmark. The scope and form of decentralization can thus be seen as a distinct approach to citizenship.

Involvement of Stakeholders

There is a long tradition of involvement of organized stakeholders in national, regional and local political decision making. The involvement of stakeholders is most prevalent in policy areas related to the labour market, but is also common in most other policy areas.

Consultation and participation involving organised stakeholders typically takes the form of ad hoc law preparing committees, permanent commissions and/or different forms of written consultation procedures.

High Levels of Participation, Trust and Satisfaction

Citizens' trust in the public sector is high compared to most OECD countries, and the level of trust in public institutions has been fairly constant over the last 10 years. Furthermore, most citizens are satisfied with the public sector in general, and the level of satisfaction has increased in recent years.

Surprisingly, citizens in principle support the relatively high level of taxation when asked in surveys – in practice, approximately 1/3 of the adult population is estimated to be engaged in tax evasion in connection with moonlighting.

B. Key Emerging Issues

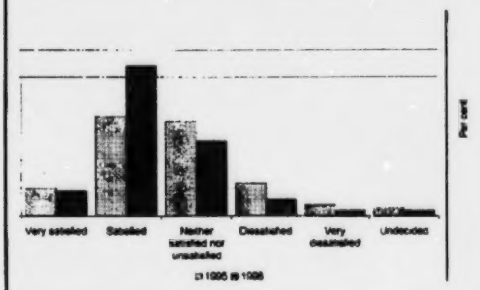
All in all, conditions for the public sector in Denmark are favorable and the debate on citizenship and public governance seems to be centered on 1) how to respond to future challenges, 2) how to maintain the fundamentals of the Danish welfare system and 3) how to sustain the high levels of satisfaction and trust in the face of key emerging issues.

Citizens' Expectations

Citizens' expectations of the public sector are rising due to increased wealth, better education and cultural changes in general. Little hard data on this change exists, but increased "individualism" and "post-materialism" seems to be well documented. Furthermore, field workers in most parts of the public sector report changes in user attitudes and demands.

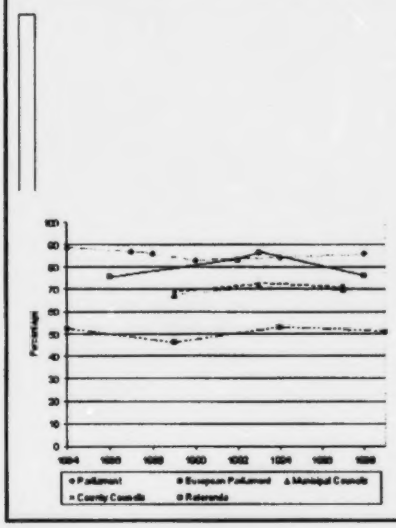
Figure 2
Participation in Elections, Trust, Satisfaction and Support for Taxation

Citizens' satisfaction with "the public sector in general"

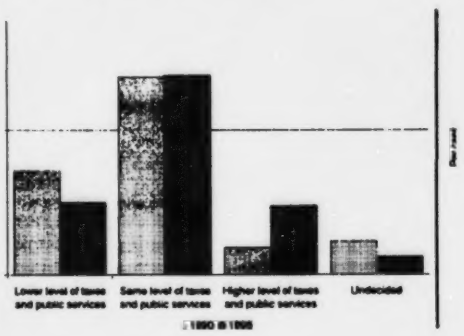


Citizens' trust in public institutions in selected countries

Turn-out for referenda and elections



"... would you prefer a lower level of taxes and public services, same level of taxes and public services, or a higher level of taxes and public services?"



Source: 1) The Danish Response to the OECD Questionnaire on Government Citizens Connections (unpublished).
2) The Citizens and the Public Sector, http://www.fm.dk/udgivelser/publikationer/citizens_public_sector_1998/

These changes create pressure for additional, more individualized and new forms of services. Furthermore, there seems to be an increasing demand for better information and enhanced participation.

The importance of meeting citizens expectations – or alternatively, trying to modify the expectations – can be illustrated by the connection between the concepts of trust and satisfaction. Whereas satisfaction with the public sector in general and with specific public services such as kindergartens, schools and hospitals is related to citizens' views as consumers of services, trust relates more directly to their view of the public sector as citizens.

In Table 2 citizens' general trust is cross-tabbed with their general satisfaction. The table illustrates that there is a relationship between the two attitudes and thus corroborates the hypothesis that the role of the citizen is connected to the role of the user.

Table 2
Trust and satisfaction

		How is your satisfaction with the public sector in general?				
		Satisfied	Neither satisfied nor unsatisfied	Dissatisfied	Don't know	Number of respondents
How is your trust in the	Trust	66%	36%	14%	50%	810
	No trust	31%	58%	82%	43%	640
	Don't Know	4%	6%	4%	7%	67
	Total	100%	100%	100%	100%	-
	Number of respondents	959	410	118	30	1.517

Source: Borgerne og den offentlige sektor, Finansministeriet, 1998. (Available in Danish at www.fin.dk).

However, cross-tabbing citizens' satisfaction with specific services, such as the police or hospitals, with general trust shows a somewhat weaker link – though the correlation is still positive.

Demographic Changes

The number of elderly will increase dramatically in the coming years in Denmark. At the same time, the size of the workforce will be relatively stable and tendencies towards earlier retirement and shorter working hours may continue.

Figure 3. Number of citizens above 65 years, projection

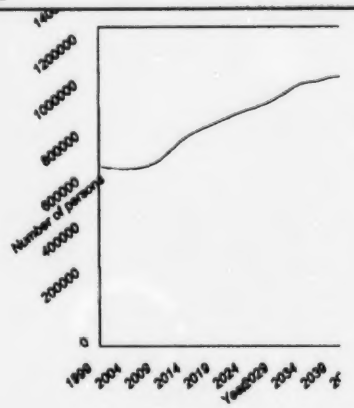
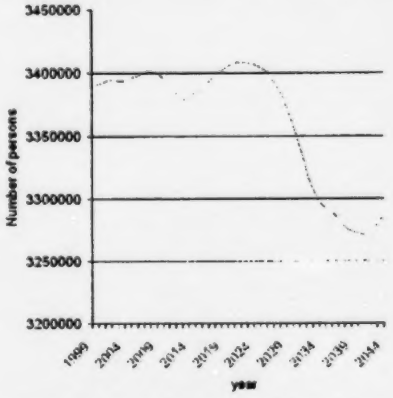


Figure 4. Number of citizens between 18 and 65 years, projection



Source: Databank from Statistics Denmark.

As most public services consumed by the elderly are produced by public employees and financed through taxes, demographic changes will put pressure on the public finances. Additionally, recruitment to the public sector will become more difficult.

All things being equal, these developments will imply a change in the contexts of citizenship, from one of relatively stable expansion of the public sector to one of prioritisation and development of new ways of financing public services.

Globalization

The effects and consequences of globalization tend to be exaggerated in the public debate. However, for a small open economy like the Danish, the effects are tangible, though some are more related to "Europeanization" (i.e. regionalization) than to "Globalization":

The globalization of financial markets, and to a much lesser degree of trade and investments, necessitates responsible fiscal policies limiting the possibility of raising taxes and raising the level of public expenditure.

Membership of the European Union (EU) has added new aspects to government-citizen relations. It has become a practice in Denmark that new EU treaties and most major changes to existing EU treaties have to be approved through referenda. Moreover, great efforts have been made to align the logic of intergovernmental co-operation and negotiation with the democratic

principles of a small nation state.

Coping with Simultaneous Challenges

The challenge of the key emerging issues is not only each issue in itself, but also the fact that they are occurring at the same time and that they intertwine. In fact, the co-existence of the issues is what makes them challenging.

C. Major Recent Developments

The fundamentals of Danish democracy are widely, though not unanimously, perceived to be functioning and government initiatives addressing the issue of governance and citizenship are therefore largely centered on adjustments on the margin. This implies that focus is more on enhancing the quality of citizenship in everyday life than on fundamental reforms of public governance.

Service & Welfare

In 1999 the government, in corporation with the Association of County Councils and the National Association of Local Municipalities, launched the Service & Welfare Project. The project has three aims:

- to facilitate experiments and the sharing of knowledge about management, organization and citizen relations within the public sector.
- to create a framework for concrete public sector reforms
- to promote public information, consultati on and participation with regard to the future challenges of the public sector

The last of these purposes is the most interesting when discussing public governance and citizenship.

The Local Government Act states that the municipality council at least every second year shall account for the contents and the extent of the major public services offered or intended to be offered to the residents of the local area. The statement is required to include information about the goals for the development in the respective areas.

At least every second year the municipality council shall account for operations which are carried out by others than the local government according to tender. Among other things the statement must include an assessment of the performance of the operation.

At least every second year the municipal council shall account for the situation with regard to equal opportunities for men and women employed by the local government.

Source: The Danish Response to the OECD Questionnaire on Government Citizens Connections (unpublished).

Three initiatives have been taken in order to facilitate public debate:

First, a series of public conferences has been organised. Some of these conferences have a traditional set-up addressing mainly professionals and journalists. However, the Government has recently organised four so-called "People's Hearings". At these hearings experts, citizens and politicians (including the Prime Minister and other key ministers) discuss with citizens and interested parties the future of the welfare state and the challenges it is facing. The conferences are centred on health care, care for the elderly, schools and education and the labour market, and up to now have until now attracted widespread attention. The hearings are transmitted live on the Internet and on cable television.

Second, pamphlets have been published by the government on issues related to 1) challenges to the Danish welfare system, 2) government-citizen relations, and 3) efficiency, quality and management in the public sector. The pamphlets have attracted widespread media coverage as they raise several controversial questions about the future architecture of public governance in Denmark.

Third, a forum for public debate has been created on the project homepage. One of the features of the homepage is a series of ongoing debates in which politicians, businessmen and experts are invited to contribute on a given topic. A series of live chats has also been arranged. During these one-hour chats citizens discuss on line with ministers and other prominent politicians. Transcripts of the debates are subsequently accessible on the homepage.

The impact of the project is still to be evaluated. However, Service & Welfare constitutes a qualitative development in the field of consultation, information and participation, and thus citizenship and public governance.

Citizens' voice, citizens' choice and information

Over the last 10 years, the approach to empowering citizens in their roles as users of public services has followed three complementary paths:

First, enhancing *Citizens' Voice*. The aim is to enable citizens to influence the content of public services and the way the services are delivered. This has been facilitated through establishing user boards in most institutions which provide public services.

Second, enhancing *Citizens' Choice*. The aim is to encourage providers of public services to take into account the views of the users, and at the same time to produce services as efficient and effective as possible. Efforts have been made in this direction by strengthening citizens' exit options vis-à-vis service providers, giving them the choice between competing providers.

Third, improving *information*. The aim is to better inform citizens' voice and choice and to stimulate the political debate in general by informing citizens about the expected quality of the service they receive or are about to receive.

The three approaches have not been equally successful owing to institutional rigidities. User boards are by now an established element of the public sector in Denmark, whereas citizens' choice is still in their wake (with the exception of schools, universities, hospitals and a handful of innovative municipalities). Work on better information has been gaining momentum in recent years, although municipalities in particular have shown resistance to disclosure of information on the quality of the service they deliver.

Empowering citizens as users is considered important with respect to governance and citizenship. Citizens' influence on issues affecting their every day lives will be enhanced, so as to sustain and enhance satisfaction and to maintain trust

Democracy and Power in Denmark[3]

The Danish Study of Democracy and Power was initiated in 1997 by the Danish Parliament. Its purpose, as stated by the parliamentary preparatory committee, is to "...illuminate the function of democracy in broad terms, including the influence of organisations, movements, and economic power structures in society, as well as the consequences of internationalisation as far as transparency of decisions, influence and power in society" is concerned.

Further, the objective is to create a framework for research that "... in a systematic way can get to the core of democracy discussions and dilemmas in a modern welfare state at the threshold to a new century, and uncover channels of power and influence in a society in touch with the global and technological reality".

An independent steering committee has been set up to organise the study, and the project is financed by a DKK 50 million government grant.

The Steering Committee has chosen to split the project into five general, overlapping topics:

- The individual as user and citizen
- Political institutions
- Origin, content and consequences of political decisions

---

[3] This section is adapted from the *Democracy and Power in Denmark Project Homepage* http://www.ps.au.dk/host/magtudredningen/Engelsk/ and the Danish response to the OECD questionnaire on Government-Citizens Connections (unpublished).

- Societal processes of change
- Concepts of democracy and power

With these general topics, the Danish Democracy and Power Study continues the research tradition from the Norwegian "power study" in the 1970s and the Swedish "power study" in the 1980s. However, it also expresses a desire to go further by including subjects that were less prominent in the earlier studies, i.e., emphasis on content of political decisions, opinion formation and the significance of social change.

The Board of Technology

The Board of Technology was established in 1995. It aims to further the technology debate, assess technological impacts and options, and advise the Danish Parliament and the Government. The interesting feature about the Board is the *methods* used to consult with citizens.

The Board of Technology does not aim to engage all citizens. Rather, they implicitly build their work on the view that randomly chosen representatives of citizens, as lay persons, can contribute to policy making when brought together with experts and politicians.

Examples of methods used include the following:

- *Consensus Conferences* that are centered on a panel of 14 randomly selected citizens who are presented with experts' views on a given problem – for example, the future of fishing. The three-day conferences are conducted as dialogues between experts and the panel and are open to the public. The panel produces a final document expressing its views on the problem, thereby putting into perspective the views of the experts. The final paper is usually passed to the Members of Parliament.
- In *Voting Conferences*, two or more groups of stakeholders each present a plan or solution to a given problem, for example securing clean drinking water. These stakeholders present their plan to a selected audience of politicians, experts and citizens – typically 60 from each of the three groups. Citizens are invited randomly on the basis of their civil registration number. After the presentation of the proposals the audience votes on which proposal they prefer. The result is commented on by an expert in ballot interpretation and is discussed by a panel of politicians from relevant parliamentary committees.
- In *expanded surveys*, respondents are asked about their assessment of alternative policies and their perceived consequences. The method departs from traditional surveys in providing a considerable amount of information on each question.

4. Possible research priorities for governments

Governance and citizenship are on the political agenda in Denmark. However, public debate and administrative focus are not focused on what would be a debate on democratic fundamentals. The focus seems to be more centered on securing the Danish welfare system for the future through structural changes and fine-tuning. Nevertheless, the following issues could be addressed in the coming years:

What will be the demands of the users and citizens of tomorrow?

Which institutional mechanism can ensure that strengthening citizens as consumers of public services does not lead to less attention being given to the public interest? Can institutional mechanisms be developed that ensure that the users take into account the common good or the public interest, while pursuing their private interests in relation to the public sector?

Will involvement of citizens through consultation with organized stakeholders satisfy citizens' possibly increasing demands for information, consultation and participation, or must new methods be developed?

How can one reconcile efficiency and effectiveness on the one hand and involvement, information and decentralization on the other?

5. References

The Citizens and the Public Sector,
http://www.fm.dk/udgivelser/publikationer/citizensublic_sector_1998/
Service & Welfare, http://www.service-og-velfaerd.dk/front/index.asp

The Democracy and Power Study,
http://www.ps.au.dk/host/magtudredningen/Engelsk/frame.htm

The OECD Public Management Country Information,
http://www.oecd.org/puma/country/denmark.htm

The Danish Board of Technology, http://www.tekno.dk/eng/index.ht

The OECD Profile of Public Management Developments in Denmark
http://www.oecd.org/PUMA/country/Surveys2000/surv2000dk.htm#Annex A.

THE FUTURE OF REPRESENTATIVE DEMOCRACY: THE IMPACT OF INFORMATION TECHNOLOGY

Commentary by Denis Stairs
Institute for Research on Public Policy
and
Department of Political Science
Dalhousie University

My responsibility this morning, as I understand it, is to offer a few comments on Professor Thomas' paper, while drawing in a modest way on a project upon which I am currently working myself under the auspices of the Institute for Research on Public Policy.

I am very happy to do this, but I think I should make it clear from the outset that I am not primarily a student of governance in general, or of public management and public administration in particular. I come to the subject instead as a student of Canada's foreign policy, and this will have an effect on part, at least, of what I have to say.

I will begin with a few comments on Paul's paper, and move quickly from there to some prejudices of my own choosing. The latter you may think a trifle old-fashioned. But in matters of politics – and democracy, representative or otherwise, IS about "politics" after all – I freely confess that I do NOT belong to the "Gee whiz – everything's new and different!" school of analysis. Notwithstanding my general bias in favour of the view that this is a field in which new bottles usually conceal very old wine, however, I will try to draw your attention to a development in modern politics that may actually be posing a serious and fundamental challenge to the principles of representative democracy as traditionally understood – the one such development, perhaps, that Professor Thomas' paper does NOT address (except for a passing reference on p. 20).

1. The Thomas Paper

The first of my undertakings – to offer a comment on what Professor Thomas has laid before us – is easily and quickly done. This is because the paper itself is simply first class. It provides a thorough and comprehensive review of its subject. The issues are clearly and systematically presented, their complexities are thoroughly explored, and the arguments in the pertinent literature are elucidated (pro and con) in admirably measured and balanced style. Ideas that are reasonably rooted in empirical evidence are carefully differentiated from the speculative "guesstimating" of the excited and the gloomy alike. I found it a delightfully informative "read," and an excellent review of current thinking on the matrix of problems with which it deals. If we want to know where we are (in order to help us decide where we ought to be going), we could

hardly do better than to begin with his very fine disquisition.

The feature of the paper that I like best, I think, is its caution – its insistence that, while the new Information and Communications Technologies are having now, and will continue to have in the future, important effects on the way we do things, in the end their impact "will be shaped and conditioned by other economic, social and political forces within Canadian society." (p. 5) In effect, ICTs are not totally transformative, because politics persists. In assessing their significance, therefore, we should not get carried away, because their consequences are deeply imbedded in other realities of much longer standing.

This general thought leads me directly to my second, and more hazardous, undertaking, which is to articulate some prejudices of my own choosing. I do this in part as a countervail to the even-handedness and mature sense of "balance" that is one of the perennial hallmarks of Professor Thomas' work. In short, I am going to speak more bluntly than he in order to give even greater emphasis to what I take to be one of his central points. Hence:

2. Some Stairs Prejudices

It seems to me, first of all, that politics is ultimately not about "management," but about conflict and its resolution. In the language of the famous social psychologist, Harold Laswell, it's about "Who gets what, when, how?" Ultimately, this means that it's about power – who has it, how it's exercised, in whose interest, and under what constraints. As we all know, even within the western tradition of representative liberal democracy, there have been many different assessments of what the answers to these questions really are – different "models" (if you like) of what actually goes on in the world. In the case of the Marxists and their off-shoots, for example, the assessment has always been very clear: real power is in the hands of those who own the means of production; that power is exercised ostensibly by governments but on behalf of the capitalists and in their interest; and the constraints on its use are extremely limited. If governments seem on occasion to look after the interests of other classes, too, this is only because relatively modest expenditures of the safety net sort, when dressed up in convenient rhetorical opiates, can help for a time to disarm those who would otherwise take concerted action to oppose the structure of capitalist privilege that the system as a whole is ultimately designed to sustain.

Analysts who like to mix their Marxism with a more eclectic view of those who constitute "the privileged" than the one embraced by the notion of the "capitalist class" have preferred, of course, to think in terms of overlapping elites – political, bureaucratic, economic, military, professional, educational, and so on – and to argue that the political process is ultimately loaded in favour of such mutually self-serving accommodations of their respective interests as these elites are able to conclude. This can be a very stable arrangement, and that's good. But it also leaves some folks out, and that (presumably) is bad.

For those who are attracted to the finely-tuned and carefully nuanced account of political competition that comes with the power elite hypothesis, but think the emphasis on elitism itself is overdone, the answer has sometimes been to compose a more benign picture based on the premise of pluralism – a pluralism, that is, in the American sense of the kaleidoscopic workings of pressure group politics. Here, the model is one in which competing interests pursue advantage in the political system by engaging in a constantly shifting array of pressure group coalitions as they respond to such issues as come and go over time, and to the agglomerations of adversaries that each of the issues kicks up. On this model, some of the interests may get more of the goodies more of the time, but all of the interests get an acceptable measure of the goodies most of the time, and the overall outcome is as equitable as it can reasonably be expected to get.

And so on, with various other possibilities.

I point to all this, not because I think we need here and now to rule on the relative persuasiveness of these and other models of a similar sort, but only to emphasize the point that, in the end, politics does come down to the question of which purposes and which interests, among a very large array of competing alternatives, are actually to be served by the available resources of the state, and to remind us that the answers to this question are a function in part of where power and influence lies in society.

Now, ICTs can certainly have a modest impact on the way in which that power and influence is distributed, and hence on what the outputs of the state apparatus turn out to be. But in the end it appears highly unlikely that the distribution of real political advantage will be significantly different, *after* the ICTs have done their job, from what it was before. Indeed, there is every probability that it will be pretty much the same as it is now. This is because the ability to make full use of the new technologies for political purposes will *itself* be unevenly distributed, and that distribution will favour, as usual, the established forces.

In this regard, it may be worth reminding ourselves that there is fairly general agreement that one of the effects of ICTs in the world at large (and hence also in the world at home) has been to increase very substantially the power of transnational corporate and financial enterprises, and in the process to diminish that of their potential regulators. Some don't mind. But as the Seattle episode last autumn indicated, others do. And while the demonstrators in the streets may have found their own organizational chores easier to perform because of the new communications technologies at their disposal, I don't think there are many who would claim in consequence that the political playing field is now much more level than it was before.

This observation bears repeating, I think, from another perspective. More specifically, it is worth remembering that *most* people will NOT be active participants in the political communications process, irrespective of what the new technology, in principle, allows them to do – and this will be true even if the Web sites of government departments are deluged with daily "hits." Moreover, even to the extent that more voices ARE heard as a result of these new communications mechanisms, and even to the extent that they are listened to, they will not be

found to bay in unison. Certainly they will not be found to bay in unison from one department's Web site to another. ICTs, in short, will NOT serve to uncover a hitherto concealed "General Will." If they do anything, they will release instead an intensified and discordant cacophony – thereby generating political business as usual, although maybe at a more fevered pitch.

What this reinforces, it seems to me, is not the need for *governance* – a murky word that conceals important distinctions, and important principles with them, in a blather of confusion wrought by talk of government-constituency "partnerships" (as if the roles and responsibilities of the government and non-government "partners" were somehow shared and on the same plain of legitimacy!). What it reinforces instead is the need for *government* – for authoritative leadership devoted, in part, to the making of trade-off decisions in a conflictual environment. As the well-known American political scientist, E.E. Schattschneider, argued long ago, the equation of democracy with "government by the people" is simple nonsense. The "people" are too many. They are also unevenly informed. In any case, they cannot agree. The fact that some of them are now able to communicate more efficiently than before with government agents who are engaged in particular matters that happen from time to time to be of interest to them does not affect this reality one bit. Schattschneider would still, I am sure, argue today, as he did a half-century ago, that "[d]emocracy is a competitive political system in which competing leaders and organizations define the alternatives of public policy in such a way that the public can participate in the decision-making process. The initiative in this political system is to be found largely in the government or in the opposition. The people profit by this system, but they cannot, by themselves, do the work of the system." (*The Semisovereign People*, 141)

And I would add that if they try, they are certain, in the end, to be disillusioned. (This may explain some of the evidence of dissatisfaction with government and politics to which Professor Thomas refers in his paper, and with which Professor Young is also very familiar.)

It follows from all this, I think, that in attempting to strengthen the democratic element in our political system, the real challenge is not to be found among the ones that we might think it appropriate to put to the public service, but lies instead with those who compose and operate our political parties. Furthermore, I think this circumstance is widely, if not always self-consciously, understood by attentive Canadians at large. That's why we are currently having an upheaval on the Canadian right. It reflects the desire to construct a genuine capacity for collective choice – to create, that is, a context in which electors can choose in a meaningful way between genuinely competitive alternatives. It is also why the job itself is being performed, not by public servants (who are in no position to contribute to it), but by politicians and their followers, working through the traditional mechanisms and processes of party politics. Here lies, it seems to me, the real stuffing of representative democracy, and it has surprisingly little to do with Information and Communications Technologies, or even with public service management more broadly understood.

None of this, I repeat, means that ICTs will not lead to a greater array of consultations between government departments and agencies and the constituency interests that they are

respectively tasked to serve. But this consultative process is concerned with symbiotic relationships between government organizations and their client elites, and about how the services of the former can be best designed and managed for delivery to the latter. It is NOT about "democracy." Certainly it is not about the two-thirds or more of the population that is not in the game at all. We call our system "representative" democracy for good reasons. One of the best of them is that we know that the alternative – "direct" democracy – is not feasible, no matter how multitudinous are the lines of communication between the governors and the governed. It could even be argued that one of the representative system's most important functions, which it fulfils through the relatively conservative mechanisms that are embodied in political parties and the parliamentary structure, is to ensure that "ordinary citizens" are in some degree protected from the messianic meddling of *other* "ordinary citizens" acting in league with carefully selected public service allies. Such meddling obviously has its uses. Among other things, it can generate ideas, and these can lead to the posing of options. But in itself it is not democratic. More often than not, perhaps, its true purpose is actually to circumvent precisely the inconvenience and the obstacles that the *real* "democracy" is designed, in part, to generate.

If, therefore, I had a recommendation to make in support of the strengthening of "representative democracy," it would have to do with the strengthening, not of government-client communications, but of the capacity of political parties to do their own digging, and to undertake their own research. It is they, in the end, who must aggregate interests, and in so doing offer meaningfully competitive packages of policy trade-offs to the democratic electorate. It follows that *they* are the institutions (in the context of representative democracy, at least) that are most in need of help. (This is not say that issues bearing on the management of the public service itself or on how relations are conducted between public officials and the citizens they serve are unimportant. On the contrary, if the problems involved are not attended to, they can severely weaken the legitimacy with which the democratic process is regarded by the citizenry at large. Nonetheless, they are not problems of "representative democracy" *per se*.)

3. Another Challenge

Finally, I am supposed to talk a little about another problem in this general subject-area -- a problem upon which I have been asked by the Institute for Research on Public Policy (IRPP) to ruminate. I say "ruminate" advisedly, because I have not yet come to a conclusion. That being so, I will confine myself here to putting the question.

The problem derives from the growing influence of what political scientists in my own field call "transnational non-governmental organizations" over the conduct of international politics and foreign policy, and from the premises that appear to underlie the position that some of them seem to be taking in making their arguments.

The phenomenon I am referring to is not new. There are precedents going back to the 19th century and beyond – as in the case of transnational movements to abolish slavery, promote

women's suffrage, and halt the binding of women's feet in China. But in modern times it has increased in scale and intensity, and many governments, Canada's prominently among them, are making surprisingly ostentatious attempts to adjust to it. The result is that consultations with transnationally-organized NGOs have come to be regarded in Foreign Affairs (and perhaps elsewhere, too) not only as a way of getting useful ideas and advice, and of recruiting private partners for program delivery overseas, but also as a government obligation. Such consultations are now routine in advance of international negotiations in multilateral fora, and in some areas (e.g., human rights) this process has become quite formally institutionalized. The process has now gone so far that NGO and other private sector representatives are now frequently appointed to membership on Canada's diplomatic delegations. The government, moreover, is obviously very proud of some of the successes that have resulted from its forging of alliances in this way with transnational non-governmental players. (It likes to call them "partners" – a chumminess of vocabulary that in the long run may do considerable disservice to our understanding of the constitutional principle.) Its favourite examples are the Anti-Personnel Land Mines Convention and the Rome Statute establishing the International Criminal Court, but if current campaigns are included (the ones against the use of child soldiers and child labour prominently among them), the list becomes impressively long.

Now, at one level, this can easily be dismissed as nothing more than a slightly modified version of "business-as-usual". The NGOs can be regarded as "public service interest groups," and their symbiotic connections with government can be interpreted as counterparts of the communications that perpetually flow between, say, the various economy-oriented departments in Ottawa on the one hand, and the institutional embodiments of the business lobby on the other. There may be cause to worry about "end-runs" around our elected MPs, and to ask whether the process is privileging elites. But inquiries of this kind are standard fare in all discussions of the role of interest group lobbies in representative democracies, and in this case it could be argued that the NGOs make a useful contribution in helping to countervail the much more powerful presence in Ottawa and elsewhere of the representatives of industry and finance.

But there may be a new element in play, and it derives from the same underlying reality that worries those who would defend the sovereign state in an era of globalization. The latter, in essence, lament the inability of governments to constrain what they see as the excesses of multinational business and finance in an electronically globalized economic environment. Such enterprises, in essence, can switch jurisdictions at will in response to unwelcome constraints on their freedom of manoeuvre, and this makes it more difficult for the government – *any* government – to ensure that they behave themselves.

In our present environment, however, much the same seems to be true also of the NGOs, except that the NGOs claim to speak, not for a private interest, but for a public one. And the public interest they have in mind is not "national," but "transnational" – even global. The doctors are "without borders." They work not for their own national community alone, but for suffering humanity at large. It follows that some of them, at least, take more seriously their obligation to relieve such sufferings abroad than they do their obligations as citizens of the polities from which

they individually come.

As an anecdotal illustration, some of you will recall that the Canadian delegation to the recent WTO talks in Seattle was composed, not just of public servants, but of private citizens, too. Of the latter, the majority represented the business community. The conference was, after all, about trade. But others, like Ken Georgetti and Elizabeth May, were representatives of labour, or of NGOs. Once again, this was hardly new. What *was* new, however, was that the latter, while acting as members of the official delegation on the one hand, felt free *at the same time* to join the protest marches in the street on the other. Ken Georgetti's agenda here was doubtless complex, and I am not sure that his real concerns lay with the welfare of non-Canadians. But Elizabeth May's position was particularly intriguing, insofar as her activities seemed to imply that her primary loyalty was to her transnational cause, and not to the cause of Canada as defined by its government (that is, by the ultimate manifestation of Canada's representative democracy at work).

Now the purpose of my reminding you of these events is not to comment on the question of whether such behaviour was or was not ethical in the circumstances, but only to draw attention to an interestingly visible demonstration of the murkiness of the water in which we have now begun to swim. Some analysts have argued, in fact, that the development of a transnational politics of this kind – a transnational politics which is often linked to what are sometimes called "social movements," and which mirrors (and tries in part to countervail) the progress in the marketplace of economic globalization – represents the erosion of the state system itself. On this view, important public policy issues that cannot be resolved through the ordinary public policy processes of sovereign states will increasingly be handled through other kinds of "regimes," most of which will take the form of complex multilateral "partnerships" (that word again!) involving both state and non-state actors.

This may turn out in the end to be a useful pragmatic solution (although it is rife with potential problems of "democratic deficit" that far exceed anything we might associate, say, with "executive federalism" inside Canada itself, or with the complex workings of the EU, or with the seemingly invisible internal proceedings of the WTO). At the level of principle, however, it creates a potentially-serious problem, because it violates the most fundamental premise of representative and responsible government in the liberal democratic state – the premise that the first obligation of government is to serve, not humanity in the world at large, but that small part of humanity that inhabits the specific polity over which it presides.

My own view is that the government's current commitment to what Mr. Axworthy has called a "human security" agenda raises precisely this sort of question in a very practical way (or at least would certainly do so if the agenda were taken seriously), because it poses the prospect of extensive Canadian resources being devoted to the welfare of people in other countries, even where there is no discernible direct benefit to the people of Canada.

I hasten to say that there is certainly a moral argument for doing this in particular cases, and maybe even in a *lot* of cases. My point here is simply that the transnationalization of this sort of politics could ultimately confront our own particular version of representative democracy with a daunting and even intractable challenge. This is because it questions at its very root the traditional notion of an implicit and exclusive contract between the government of a particular state on the one hand, and the citizenry of that state on the other. Even to ask such a question is to put into dispute the most basic and central of the assumptions that underlie the entire corpus of liberal democratic theory. If that assumption is abandoned, the edifice that we have traditionally called "representative democracy" will be deprived of its intellectual rationale. And so far, we have nothing with which to replace it.

Maybe this is much ado about nothing. But I'm not at all sure. And I therefore think the issue needs a closer look – that is, research.

Whether this is the sort of "research" that is appropriate to the mandate of the CCMD is for others to consider.

And with these embarrassingly inconclusive displays of uncertainty, I will stop.

NORWAY - ROLE OF GOVERNMENT IN GOVERNANCE

Commentary by Terje Dyrstad
Royal Ministry of Labour
and Government Administration

1. Norway - the Public Sector - Overview

- The population in Norway is 4,5 millions (1.1.1999).
- Government: Labour party, 65 out of 165 representatives in the Storting (Parliament).
- In 1997, 31,3 % of the man years in Norway was related to the public sector (8,2 % in the state sector and 23,1 % in the municipality sector).
- Public expenditure of the GNP was in 1997 44,3 % (In Sweden 62,3 %, Denmark 56,4 %, Finland 54,1 %, Great Britain 41 %, Canada 42,6 % USA 31,6% and Japan 35,2%).
- In 1995, the total number of persons in work in Norway was 1,913,700. 149,900 worked in the state sector and 500,000 in the municipality sector.

Organization and structure of the public sector

There are in addition to the Office of the Prime Minister 16 ministries in Norway:

The Office of the Prime Minister
Ministry of Agriculture
Ministry of Children and Family affairs
Ministry of Cultural Affairs
Ministry of Finance
Ministry of Fisheries
Ministry of Defence
Ministry of the Environment
Ministry of Foreign Affairs (2 ministers)
Ministry of Health and Social Affairs (2 ministers)
Ministry of Justice and Police
Ministry of Education, Research and Church Affairs
Ministry of Labour and Government Administration
Ministry of Local Government and Regional Development
Ministry of Petroleum and Energy
Ministry of Trade and Industry
Ministry of Transport and Communications

The state sector is located at the central level (ministries, agencies), at regional level (county governors, other regional administration) and local level (police, tax, etc).

The municipality sector consist of municipalities (435) and county municipalities (19). Both are headed by democratic elected bodies.

In Norway, the phrase "The Nordic Model" has often been used. It refers to the relatively strong role of the public sector and to the "welfare-state". Norway is also often described as a "consensus society".

2. Government Roles and Functions, Especially Related to Reforms

Since 1814, the role and scope of the government have developed from what was called a "caretaker government" (i.e. a minimum government that merely safeguarded the nation's external security and peace and order) via a constitutional state and later social liberalism, to the post-war social and economic reforms that gave rise to a comprehensive welfare state, with a public sector charged with far more spheres of responsibility, functions and tasks than one could possibly have imagined just fifty years ago.

The ambition of the government has been to safeguard society's fundamental common values. Examples of such values are the independence of the nation, the principles of the constitutional state, political democracy and the rights of the individual. The welfare society has developed through the expansion of the public sphere of responsibility. Fields that have grown significantly are the educational system, the public health service and the social insurance system. Another area of extensive government activity in Norway are measures related to infrastructure. The Norwegian mixed economy has also stretched far beyond its classic common functions in that the public and the private sectors work in close cooperation to achieve overall asset creation. Particularly since the war, the government has actively participated in financing all types of enterprise, for instance through the state banks, government funds and transfers. It is hard to conceive of housing construction, the establishment of new industry and businesses and, not least, the development of petroleum activities on the Norwegian continental shelf without substantial government financing. The national financial market would be insufficient to meet the needs for capital required for major, capital-intensive projects.

Since World War II, the government, after industrial policy and regional development policy evaluations, has withdrawn from national cornerstone enterprises such as ironworks, cokeries and mines. On the other hand, the government has increasingly expanded into other areas of business and industry, with the result that the Norwegian state today has substantial financial interests in the private sector. Following the bank crisis at the end of the 1980s, a rescue operation was undertaken that resulted in the government possessing significant holdings in the banking sector. The main reason why the government did not sell its holdings was the fear that the Norwegian banks would be bought up by foreign investors. Through the National

Insurance Fund and the oil industry, the government has also invested in major holdings in other sectors of business and industry. The government possesses approximately 20% of the shares of the companies listed on the Norwegian stock exchange.

Reducing the public sector has never been an explicit goal; rather, the objective has been to reduce growth in expenditure. At present, Norway has substantial surpluses on the government budget and significant allocations to reserves in the event of harder times. Thus there are no financial reasons to undertake a critical review of the public portfolio of functions. To be sure, there is a strong desire to keep public budgets at a low level, but this is because the Norwegian economy is overheating and there is a shortage of labour.

There is an obvious need to review both goals and means on the basis of fundamental principles. The challenge lies precisely in clarifying what we want the role of the government to be – so that we ourselves can plot a course of action, and not end up in a situation where the government merely drifts along, accepting changes forced on it by its environment, both national and international.

Norway has not had a fundamental discussion on the role of the government to evaluate what the public sector is best suited to take charge of, and what is best performed by private players. Privatization, deregulation and contracting out represent a way of thinking that has had little support among the population, employees and a majority of the political community.

There has been little contracting out of government services. In some instances, canteen or IT services have been provided by private enterprises. However, these have been subsidiary functions within certain government offices and agencies.

However, there are a few examples of state-owned industry being sold to the private sector. Nor has Norway remained entirely unaffected by international trends. The modernisation program drawn up by the conservative Willoch Government from 1986 depicted the public sector as too expansive and costly. It was perceived as overly rigid, sectorised and little capable of changing its own structures, work processes and priorities. One way of responding to these challenges was increased privatization. However, this policy was immediately shelved when Norway again acquired a social democratic government in 1986.

Even though Norway has initiated a number of reforms to ease regulatory control which clearly parallel measures being implemented in other countries, we have in many ways been hesitant to undertake reforms. Norway has doubtless chosen solutions that are far less market-oriented than those adopted by countries like England and New Zealand. However, there has been no political basis for dramatic changes of course. The reason why Norway has not followed international trends to the same extent may be explained by the following factors:

Firstly, the emphasis internationally was on the need for a comprehensive overhaul of a public sector with major legitimacy and efficiency problems, while the Norwegian government

has historically been a legitimate and efficient problem-solver.

Secondly, it was argued internationally that the public sector was too interventionist and powerful, while the Norwegian view has chiefly been that a strong, planning government with a large-scale public sector is an appropriate tool for achieving the best results for the common good.

Thirdly, it was claimed internationally that the growth of powerful, organized special interests has undermined popularly elected government for the common good, while in Norway cooperative arrangements have traditionally been regarded as an extension of the democratic system and a stabilising element in the shaping of public policy.

Another important explanatory factor is that Norway has not had conservative governments like those of Thatcher and Reagan. Moreover, Norway has had oil which is an important source of government revenue, so that cutbacks have not been necessary for financial reasons.

However, in the past ten years, the international trend towards increased relaxation of regulatory control has gained a stronger foothold in relation to the more commercially-oriented parts of government activity. The main purpose has not been to privatize, but to reduce political constraints and render state-owned enterprises more competitive. It is argued that easing regulatory control will result in increased user management, greater adaptability and improved efficiency. To a growing extent, the government has chosen to organize parts of its activity as a limited company. In this way, much of what was formerly politically controlled is now increasingly market-driven.

A key question that has been raised in recent years is how the public role of owner should be tackled. A main challenge for the government, as both owner and exerciser of authority, is to balance different considerations. How, for instance, should the government conduct itself when it owns a financial interest in a sector that is subject to government regulation? In cases where the government operates in competition with private enterprises, it is extremely important to maintain confidence in the government as a neutral controller. It is therefore important to ensure that state-owned enterprises do not operate under conditions different from those of their competitors.

Furthermore, experience has shown that politics and profit should not be mixed to too great an extent, as both could suffer from such a policy.

3. Key Issues

The priorities of the public management reforms in Norway are to secure a user-oriented, politically manageable, efficient, open and democratic public administration. At the same time

Public administration must be transparent, allow public access, and ensure judicial safeguards and protection of personal data. The public administration is the servant of the people and of democracy. Hence service-mindedness and respect for the individual should be its necessary hallmarks. At the same time the resources placed at the disposal of the public administration must be utilised as efficiently as possible. The interests of transparency, legal safeguards and efficiency may conflict in practice. They must be balanced against each other in each concrete situation, but this government's view is that transparency must be an over-arching objective. The citizens must have the perception that the public administration protects their interests and is at their service.

One approach to greater transparency is to organize new meeting points between the public administration and citizens. Both the administration and the citizen have a responsibility for this. One also has to consider whether the political process can be simplified to make it more accessible to a greater number of people. Not least, to stress the importance of developing a more conscious and clear-cut relationship with the voluntary organizations to enable them to play their role as a central element in the civil society. The voluntary sector has both welfare-producing and democracy-bearing functions. The public administration must for its part be bolder and be prepared to experiment more with its working methods. A far wider use of open electronic hearings could be a fruitful avenue.

In Norway deregulation has in several cases been accompanied by corporatisation of agencies and public enterprises, and the establishment of more or less new regulatory authorities, but to a small extent by privatization. Abolition of State monopolies and deregulation of various sectors have taken place during the 1990s. Examples are telecommunications, postal services, grain supply, civil aviation, wholesale of pharmaceutical products and wholesale and distribution of wine and spirits. Introduction of competition and more widespread use of market mechanisms have been applied even in sectors like electricity supply and railway transportation. In the sector of electricity supply, the deregulation has gone far, and the consumers in Norway can choose their own supplier of electric energy. In all these, and in some other sectors, corporatisation has been the organizational response, often paralleled by the establishment of regulatory bodies for the "new" markets. A partial privatization has been decided only for the State grain supply company (Statkorn) and the State pharmaceutical wholesale company (Norsk Medisinaldepot). The telecommunication company (Telenor) will be partly privatized, but remains early 2000 a public limited company. The public wholly owned oil and gas company (Statoil) is under discussion for a partly privatization in the years to come.

In order to improve the methodical basis of the benefit and cost calculations, as regards both reforms and concerning public enterprises and projects, the government established an independent calculation committee, which was charged with the task of evaluating methods to disclose the real costs of the implementation of new reforms. The committee has to worked out a theoretical report on cost-benefit analysis and a proposal of practical guidance regarding benefit and cost calculations in connection with assessments of projects, reforms and enterprises in the public sector. The practical guidance is to be used by the ministries and agencies, as well

as by all investigation committees charged with calculating the economical consequences of official studies and proposals. The guidance will, together with the governmental planning instructions, contribute to the economical consequences of regulatory reforms being more soundly considered. The committee finished its work at the end of 1998.

4. Recent Developments

4.1 Informing citizens on Legal Rights and Obligations

In the Norwegian Central Government Information Policy information to citizens on their legal rights and obligations is a point of high priority.

Regarding information as a tool to reinforce citizens' legal rights and enforce their obligations, the Norwegian Information Service has recently carried through three extensive research projects on the information provided in connection with the adoption or change of laws and regulations affecting various groups of citizens. The aim of this project is to secure that government institutions give priority to information on citizens' legal rights and obligations.

Information on four specific sets of regulations was scrutinised:

- Change of traffic regulations for cyclists
- Cash benefit for parents with small children
- EU council directive on periodic vehicle inspection
- EU council regulation on driving and rest periods for professional drivers.

The way that the information was targeted, planned and channelled seems to a large extent to have influenced a successful implementation of the regulation in question.

4.2 Setting Time Limits By Law

The Ministry of Labour and Government Administration has prepared a report mapping the processing times in different parts of the government administration. This has in 1999 caused a change in the section 11 b in The Public Administration Act, after a proposal put forward by the Ministry of Justice.

The new § 11 b roughly reads as follows: The Government may in certain areas determine limits in the processing times for individual administrative decisions. The Government may prescribe further rules concerning the estimation of the time limits.

In October 1999 a draft regulation on such further rules was sent on a broad cosultation to different ministries.

4.3 Electronic Government

The action plan named *Electronic Government* covers the 3-year period 1999-2001 and comprises eight lines of action or priority areas listed below. Cross-sectorial IT-development in government administration is the responsibility of the Ministry of Labour and Government Administration as a co-ordinator in establishing common infrastructure and generic services in order to support reorganization and renewal of central government while leaving the sector specific IT development at the discretion of the particular sector entities.

The action plan which has been adopted by all the ministries, supports the Government's primary administrative goals and strategy to achieve a user oriented and politically manageable administration with due focus on effectiveness and efficiency while observing the general principles pertaining to an open and democratic administration under the rule of law.

Several of the action lines may be found to have overlapping activities. But their main areas of focus are:

- Year 2000 security or managing the transition to the new millennium in a secure way.
- Establishing a coherent IT infrastructure with national coverage for the public sector. Services which will be offered over the infrastructure, will in the near future comprise digital signatures and trusted third parties (TTP) which would also support interaction with the private sector. Later in the plan period efforts will be on standards for common catalogue services, Public Key Infrastructure (PKI), and the administrative/organizational systems to provide for the use of smart cards.
- Ensuring a satisfactory level of IT security must be inherent in a successful IT infrastructure in the administration. The main concern is with the administration's use of communications networks and its robustness so that electronic procedures do not reduce the level of confidence and trust in the administration.
- Providing information services on the Internet. The goal is to improve access to government information and services and offer the general public self-service options by allowing simple administrative procedures to be performed as part of a service or automated case handling. A common portal to all public information on the Internet will be established.

4.4 Use of Competition in the Public Sector

The Norwegian government has established a committee to look into questions concerning the use of competition in public sector. Public sector has been through many changes and reorganizations during the past decade. The tendency is increased use of the marked as a tool to make decisions and as a steering gear. The organizational changes often entails division of

public activities where monopoly based activity is separated from market based activity. Another observation is that changes in affiliation comprises a movement away from the central government towards a more free position.

The committee will discuss establishment of competitive markets (electricity and telecommunications) and public tendering as well as benchmarking and the use of vouchers. Questions concerning readjustment in public sector at large, forms of affiliation and ownership of public activities, how to secure high quality when competitive measures are introduced as well as how competition affects democracy will be considered. A main objective is to prepare a platform for policy making on local as well as central level on the basis of the report.

The report will be published in spring 2000.

4.5 Norway 2030

On June 18 - 19, 1998, the Norwegian government officially launched its «Norway 2030» project in Oslo with a conference titled, "Norway 2030: the use of future studies in public management reform". It is an innovative experiment in policy planning.

The primary objectives of "Norway 2030" are two-fold:

The process is intended to *strengthen the public administration's preparedness for readjustment and development* in relation to long-term challenges, and improve the basis for *the strategic planning of the Ministries.*

The aim of the work is to provide *five future views* of the role and functioning of the public administration in relation to the private sector and the civic society in Norway in the year 2030.

Few of the questions asked are: Will the current division of responsibility between the public and private sectors provide Norwegian society with an adequate basis for the timely development of a sound mainland economy? Must the public sector adopt a more proactive role, supporting greater innovation in social development than we do today? Are the current working conditions in the public administration suitable for tacking the challenges of the future? In what ways will officials within the ministries be able to contribute to a progressive and adaptable public administration that is both able to renew itself and that contributes to renewal in other areas of society?

The project "Norway 2030" will primarily be an instrument for mobilisation of preparedness for readjustment and alternative strategies for developing the public sector. The basis for carrying this out lies in scenario-based future studies. Four interdepartmental teams, with representation also from the private sector and labour, have been established to develop

scenarios around four themes:

- Global Development - External Environment;
- Economic Adaptability;
- Values, Culture and Social Behaviour; and,
- Governance.

The scenarios around these themes will be the point of departure to create five main scenarios about the public sector in Norway, year 2030. One of the interesting elements of this project is that it is intended not only to guide substantive policy directions, but also to drive public sector reforms. "Norway 2030" is being carried out in co-operation with the OECDs 'International Futures Program', the Forward Studies Unit of the European Commission, Policy Research Secretariat in Canada and other partners among national and international research institutions.

4.6 Electronic Registers of Incoming and Outgoing Documents

In 1993 the Norwegian Central Information Service launched a pilot project in which electronic registers were developed for incoming and outgoing documents to some of the Ministries in the Norwegian public administration. The project was targeted at the media, and the main objective was to give them more efficient access to information on government activities. This is one of many important projects employing information technology to achieve the principal aims of the Government's information policy, one of which is to provide genuine access to information on public sector activities.

The organs of the Norwegian public administration keep individual registers in which key information about all incoming and outgoing documents is entered. For the media, these registers serve as an effective surveillance tool and a means of keeping track of activities in the public administration. Until 1993 these registers were however only available in paper copies in the Governments Press Centre in Oslo. Thus, access to the registers was, for all purposes, limited to journalists based in Oslo. The main advantage of the new electronic registers database is that it is distributed via the Internet and can hence be made available to editorial offices across the country.

This is still a project and was evaluated in 1999. The evaluation report suggested that the project should be permanent, be open to all citizens (not only mass media as today) and there should be established some restrictions on giving out information concerning private persons.

4.7 One-Stop Shops

From 1992 to 1996 the Ministry of Government Administration ran a project on establishing One-Stop Shops (Public Service Units) in seven municipalities in Norway. The units should take care of both information and also case-handling to a certain extent, related both to the state and the municipality sector. The project was evaluated with a positive result according to service and user respond, but it did not meet the objectives according to efficiency.

In April 2000, a committee submitted a report to the Ministry of Labour and Government Administration, and suggested that the project should be made permanent. Such units should be established in all municipalities. The committee also suggested a law that should make it easier to establish the units. The law is a useful tool in this case because the offices shall have the responsibility for matters from both the state and the municipality sector.

4.8 New Version of the Instructions for Official Studies and Reports

The instructions concerns consequence assessment, submission and review procedures in connection with official studies, regulations, propositions and reports to the Storting. It was laid down by Royal Decree of 18 February 2000. The Instructions come into force on 1 March 2000 and replace the previous Instructions laid down by Royal Decree of 16 December 1994 (amended on 8 December 1995).

The purpose of these instructions is to ensure the proper preparation and administration of all work relating to official reforms, amendments to regulations and other measures. They shall contribute to ensuring cooperation and coordination in administrative procedures, high quality of the studies and an effective process of communication between the body submitting the matter and consultative bodies. These provisions are especially intended to ensure that financial, administrative and other significant consequences of reforms and measures are clarified. This is important in order to evaluate the cost to the government and the nation, and to prepare for the implementation of reforms in the best possible way.

The Instructions achieve this purpose in the following way:

- they make it mandatory to study financial, administrative and other significant consequences,
- they prescribe rules for the procedure to be followed in the preparatory stages of reforms and other measures, stressing the need for these preparations to be initiated and carried out within a realistic financial framework. The Instructions specify the institutions to which matters are to be submitted before and during the work process, and

- they contain provisions to ensure that the institution responsible for the matter assesses all relevant and significant consequences, and that the bodies affected and the general public are included in the decision-making process before a decision is made.

5. Knowledge and Gaps

Many research projects have been carried out in Norway concerning the public sector and many are in in work. For instance a major project on "Power and Democracy" and a program on "Public Sector in Transition". Themes that could be studied more closely are:

- horizontal government
- public sector and innovation
- use of scenarios
- public sectors different roles and how to solve them (regulator, consumer, owner etc.)
- public sectors major tasks
- use of consultation procedures and the efficiency of such procedures
- information technology and the public sector.

6. References to Documents and Projects (most of the documents only in Norwegian)

1994 Central Government Information Policy - Main Principles, The Royal Ministry of Government Administration.

1996 Statement to the *Storting* on administration policy—by Minister of Government Administration.

July 1996 Working group report to the Ministry of Government Administration recommending various measures to strengthen the international competencies of the government sector.

Older government employees: Guidelines from the Ministry of Government. Administration regarding measures concerning senior employees in the government sector.

1997 At the request of the *Storting*, a report was delivered by the Ministry of Government Administration on the effects of the top management pay system Human Resource Policies regarding Restructuring Processes.
Establishing of a State Secretary Committee for Readjustment and Renewal of the Public Administration.

1998 The Norwegian Government's Commission on Human Values.
Report to the *Storting* on the Principle of Public Disclosure in Public Administration
The Norwegian Government wants all agencies to have *service-declarations* by the end of year 2000.
The Governments report to Parliament on IT and governance.
A Research Program on Power and Democracy.
Guide to Service Declarations for Government agencies.
Norway 2030 – visions for the government adinistration for the next millenium.
Statement to the *Storting* on administration policy - by Minister of Labour and Government Administration ("Public sector - A Question of Confidence").
Lifelong learning - a new competence reform.
"Simplifying Norway" – a two-year program.

ROLE OF GOVERNMENT IN FINLAND: Governance

Commentary by Seppo Tiihonen
Ministry of Finance, Finland

1. Purpose of the Paper

The purpose of the paper is to give a general picture of the discussion of the role of the state (or the public sector) in Finland and to raise a number of themes for discussing its future.

Special emphasis will be given to factors determining the future of the state and the future challenges in the political governance of markets, the social field and the public sector. The most basic question concerns the role of the public sector in the governance of society and economy in the next two decades.

Governance will be a unifying concept in the paper. It has recently been discussed in many contexts, for example in economics, sociology, management sciences, political science and organization research. Each of these fields has a different interpretation of the term. It is also used in political and administrative discourse. In this paper, however, governance is regarded as simply a major task, or the core function, of the state.[4] Ecological, technological, demographic, economic and social changes, from the global level to the local level, are causing pressures to continuously reform governance. Political governance is a reaction to these challenges.

2. Future Demands on Government

Many analysts have said that the turn of the Millennium is a period for fundamental change. It has been compared to the birth of industrialization. Regardless of the depth of the change, the 1990's brought pressure on many stable and generally accepted postulates about the functioning of markets and social life. These changes have also affected the role of government. The trend has just started, and the major changes revolve around the following five themes:

- globalization
- the European integration
- the collapse of the socialist system
- the fast progress and adoption of modern information and
- telecommunications technology (ICT) and the spread of its effects into most sectors of life, and

---

[4] Similar emphasis can be found in the paper of *Vincent Lemieux*: Government Roles in Governance Processes. Paper prepared for the seminar of CCMD Conference on Modernising Governance in Ottawa 03.05.2000.

- demographic change.

First, globalization has affected the powers of the nation state in many ways. The powers of the state to regulate the economy and control national capital, goods and labour markets have diminished or changed in nature. States cannot act alone and independent of their citizens, the economic field, other states and international markets.[5]

Second, Europe is geographically integrated, and the political and economic integration process will go on to involve Eastern Europe. At the same time, integration is deepening into new sectors of the economy, politics and social life. Europe will soon have a fully integrated internal market.

Third, the collapse of the socialist system has made capitalism the one dominant economic system. For Finland, the collapse of the Soviet Union was of particular importance, because the Soviet Union was our neighbour: we had a common boarder of over one thousand kilometres, and the Soviet Union's share of our exports and imports was at highest 26 per cent in the early 1980s. The collapse of the communist political system also meant an end to its ideological threat.[6]

Fourth, new scientific innovations and fast technological development across all sectors of society are the main causes for the present global economic development and structural change. Many people interpret this structural change narrowly and only see it in connection with the fast growth of information and communication technology (ICT) and biotechnology.[7]

The change involves far more than that. ICT will naturally accelerate globalisation, but it is also affecting all sectors of the economy: its effect can be seen in the use of the following terms: *digital economy, knowledge economy, e-economy, e-commerce, information society* and *new economy.* They emphasise technological innovations. They will bring fundamental changes to the whole economy, which is taking on new forms and new dynamics. Through this process, the role of the state will change.[8]

Fifth, Europe is beginning to admit that demographic development will force fundamental changes in the established policies, especially in the public sector and in employment policies. Old promises have to be kept, but at a price that nobody could have forecast when the promises were given. Governments are now forced to make serious long term forecasts of the future of the public sector and its functions.

---

[5] *Vincent Cable*: Globalization and Global Governance. Chatham House Papers. The Royal Institute of International Affairs. London 1999.

[6] On recent Finnish history see *Max Jacobson*: Finland in the New Europe. Foreword by Georg Kennan. The Washington Papers. Centre for Strategic and International Studies, Praeger 1998 and *Osmo Jussila, Seppo Hentilä, Jukka Nevakivi*: From Grand Duchy to a Modern State. A Political History of Finland since 1809, 217-358.

[7] General forecasts of the scientific revolutions *Michio Kaku*: Visions. How Science Will Revolutionise the Twenty-Firs Century. Oxford University press, 1998.

[8] *Richard Rosencrane*: The Rise of the Virtual State. Wealth and Power in the Coming Century. Basic Books, New York 1999.

The Finnish government is aware of all these features of development. They are constantly being analysed and contrasted to the propositions underlying our present policies. Awareness of the future has increased the need to evaluate present programs from the perspective of future demands. If the past policies are not functioning effectively enough in the new situation, new ways of governance will have to be found. In Finland, the search for new ways has already begun.

3. Analysis of Future Demands

It is important to analyze the aforementioned features, because it is feared that they may be threatening the very founding pillars of the present welfare society[1] which is unanimously supported by all Finnish parties. The question of the future of the welfare society is a highly important political question because, historically, the public sector has been the main actor in Finnish politics and economy. The state has played a major role in solving most social and economic problems.

In Finland, economic liberalism and withdrawal from state-centred cameralism were adopted quite late in the nineteenth century, first on an ideological level and in discourse. Any extensive industrialization was postponed into the twentieth century. The Second World War gave new strength to the industrialization process. During the war and after it, during the period of reconstruction, the state held a very strong political position in the still basically agrarian economy.[2] A political turn in favour of left-wing parties increased pressure towards strong state interventions. In the economy, the regulation practices from war time continued until the late fifties. In the sixties and seventies, however, theoretical ideas of Keynesian macroeconomic steering of the economy were adopted. Ideas and practices of planning were discovered, and they were taken as practical solutions to the economic imbalances and fluctuations. Economic growth was effectuated and supported through public expenditure. Keynesian economic doctrines were welcomed by left-wing parties that wanted to build a strong egalitarian society through social welfare services and public transfers. Economic theory supported their proposition that public expenditure would increase economic growth.

The Scandinavian welfare society is based on the institutional redistributive model of social policy. It functions independently of the markets' logic.[3] In the Finnish model, the main

---

[1] *Ari Salminen*: Organized Welfare. The Case of Finland's Welfare Bureaucracy – A Nordic Comparison. Peter Lang. Frankfurt am Main, New York 1991.

[2] *Riitta Hjerppe*: The Finnish Economy 1860-1985. Growth and Structural Change. Bank of Finland. Helsinki 1989 and *Fred Singleton*: The economy of Finland in the twentieth century. Bradford University of Bradford 1987.

[3] On the Scandinavian welfare model see articles in *Small States in Comparative Perspective*. Essays for Erik Allardt. Ed by Risto Alapuro, Matti Alestalo, Elina Haavio-Mannila and Raimo Väyrynen. Norwegian University Press, 1985, *The Welfare State and Beyond. Success and Problems in Scandinavia*. University of Minnesota Press, 1984. Of the discussion of the future of the Scandinavian model see *Michele Micheletti*: End of Government: Is It Happening in the Nordic Countries?. In Governance: Vol 13, No. 2, April 2000, 256-278.

ideals have been solidarity and consensus. Decisions are based on consultation.[4] The state has the power to regulate the social field and to participate in the wage bargaining process with labour market unions. The welfare systems cover the entire population, not just groups that are unable to care for themselves.

From this perspective, it is easy to understand why all major future trends and scenarios which might threaten the pillars of the present policies are analysed very thoroughly in Finland.[5] A further basis for the sensitivity to future trends dates back to the nineties, when long-lasting economic depression[6] forced the Government to make short-cut decisions in public finances. The hard decisions were accepted, but their nature was discussed with utmost thoroughness. It was feared that savings could change the welfare policies in a permanent and paradigmatic way.[7]

Today, at the beginning of a new Millennium, we have put the depression behind us, but we have learned to be cautious in making fundamental decisions. We are aware that we must thoroughly analyse all the possibilities in answering future challenges; we must be able to feel secure about the long-run sustainability of the solutions. Many observers have regarded the cut-back decisions as a silent step away from the paradigm of strong state (paradigm of the welfare state) towards a new kind of governance. It is quite clear that the European discussion of the role of the state was imported to Finland by the economic depression. In many countries, criticism against the all-embracing welfare state and against its ineffectiveness had begun to flourish as early as in the 1980's. It was demanded that more responsibility for social problems be given to civil society and to the markets. Universal social programs were regarded as too expensive. The arguments were not mere political discourse: in many countries, the reform of public administration did follow the example of the private sector. In Finland, however, advocates of big government refused to accept the idea that the crisis should cause fundamental changes in the welfare state.

In international competitiveness studies,[8] the role of the state has gained in importance in

---

[4] *Voitto Helander & Dag Anckar*: Consultation and Political Culture. Essays on the Case of Finland. Societas Scientiarum Fennica, Commentationes Scientiarum Socialium, 19, 1983, Helsinki 1983 and *David Arter*: Politics and Policy-Making in Finland. Wheatsheaf Books, Sussex. 1987, 165-231.

[5] The latest international analysis of the future challenges for the Finnish economy is in the *OECD Economic Survey of Finland*. OECD, Paris 2000.

[6] In the early 1990s, as the externally financed asset value bubble burst (having done so a little earlier in the neighbouring countries,) Finland fell into a recession of unprecedented depth. At the time, Finnish institutions and production structures were unable to adequately adjust to the demands of the new operating environment, where capital movement had become free. This was further exacerbated by the cyclical downturn in Europe and the collapse of Finland's trade with the Soviet Union. Gross domestic product plummeted by about 10 per cent between 1991 and 1993. During the recession, the unemployment rate rose from 3.5 % to 18 % between 1990 and 1993.Unemployment is experienced disproportionally by older, less skilled workforce. During the recession, Finnish debt level rose from around 15 % of GDP to around 60 %. Analysis of the crisis *Seppo Honkapohja, Erkki Koskela*: Finland's depression: A tale of bad luck and bad policies, Economic Policy, 1999, vol 29, 401- 436 and *Seppo Honkapohja & Erkki Koskela & Jouko Paunio*: The Depression of the 1990's in Finland: An Analytical view, Finnish Economic Papers, Vol 9, 1997, 37-54 and *Tapio Mutikainen*: Recession, Economic Policy and Banking. Crisis Management in Finland in the 1990's. Ministry of Finance, Economics Department, 23 June 1998, Discussion Paper No 60.

[7] *Seppo Tiihonen*: From Uniform Administration to Governance and Management of Diversity. Reforming State Functions and Public Administration in Finland. Research reports 3/00. Ministry of Finance. Public Management Department. Helsinki 2000.

[8] The World Competitiveness Yearbook, The Global Competitiveness Report and Economic Freedom of the World.

the 1990's. There are various reasons for this: There was a strong increase in the tasks of the public sector in most European countries in the seventies and eighties. The state has come to be responsible for the functioning of the social institutions, the organisation of social co-operation and the co-ordination and regulation of social conflicts. Ineffectiveness of the state would thus cause ineffectiveness of the whole economy. The effects of ineffective state and governance really do tend to disperse over the entire society and economy. The collapse of communism highlighted the importance of political, social and economic institutions for economic and social progress. The meagre economic results of the socialist countries showed that the state has its limitations. It can neither be responsible for effective economic production nor regulate human life. What it can do is create general frames for human co-operation and economic production. The differences in economic success in Europe, USA and Japan are a clear indication that institutions matter.

After marked and long-lasting economic growth, differences in the economic systems and institutional arrangements are becoming increasingly visible.[9] The size of the public sector is too general an indicator to allow any precise forecasts to be made. The institutional arrangements of resource allocation and other factors behind balanced economic development must also be taken into account. What, then, is the economic logic behind the social and political rules regulating and commanding production and human exchange?[10]

In Finland, awareness of the importance of institutional and governance reforms has grown gradually. The public sector reforms of the nineties can be regarded as a first step in this direction. They started the present wave of reforms. And the reforms themselves have shown the Finnish authorities the importance of institutions for the efficiency of economy. Market mechanisms have increased productivity in the public sector.[11]

Market governance reform has been the second step in the reform process of the nineties. These reforms were carried out as part of the European economic integration process. As a member of the European Monetary Union, Finland has had to reform the goods, finance and labour markets. The reforms have increased the competitiveness of the markets and of the

---

[9] World Bank's *Development Report 1997* emphasizes the effectiveness of the state in securing the economics and social fundaments. World Bank: *The State in a Changing World*, Selected World Development Indicators, Oxford University Press 1997.

[10] *Thráinn Eggertsson*: Economic Behavior and Institutions. Cambridge University Press Cambridge 1991, 4-5.

[11] *The World's Best Public Sector?* International Public Management Comparison Project. Ministry of Finance. Finland, Helsinki 1993 and *Frieder Nashold:* The Modernization of the Public Sector in Europe. A Comparative Perspective on the Scandinavian Experience. Ministry of Labour. Helsinki 1995, *Christopher Pollit, Geert Bouckaert*: Public Management Reforms. A Comparative Analysis. Oxford University Press. Oxford 1999 and *Christopher Pollit, Stephen Hanney, Tim Packwood, Sandra Rothwell and Simon Roberts*: Trajectories and Options: An International Perspective on the Implementation of Finnish Public Management Reforms. Ministry of Finance, Finland, Helsinki 1997 and *Pentti Puoskari*: Transformation of the Public Sector. A Comparative study of the British and Finnish Developments from the late 1970s and the early 1990s. Ministry of Finance. Helsinki 1996. Of the more general perspective see *Pertti Ahonen & Ari Salminen*: Metamorphosis of the Administrative Welfare State. Peter Lang, Frankfurt am Main, 1997.

economy as a whole.[12]

Public management reforms and market reforms have been based on the idea that the state should concentrate on its core function – political governance. Now, after diminishing the regulation of the markets and abolishing most of the rigidities created by regulation, we must seriously analyse the models of governance. What we have learned is that the state has the responsibility for stabilising the economy and for supervising the functioning of the economic and social institutions of the society. This awareness means three things. Firstly, that public services have to be reformed on a continuous basis. The quality and competitiveness of the services have to be as good as possible. The overall quality of the public sector, and especially the quality of political governance, which is the core function of the state, have to be benchmarked on a continuous basis.[13] Secondly, the costs of public services, as well as the tax rate, have to be kept at a level where they do not diminish Finland's international competitiveness.[14] And, thirdly, the nation has to be governed well.

Three major dimensions can be distinguished in the discussion of the future of the public sector: 1) the size and role of the public sector, 2) the national system of governance and 3) public services and public administration. In the past, the main emphasis has been on public management reforms and the role of the public sector. In the future, it will have to be on governance.

4. The Role and Size of the Public Sector

4.1 Discussion in the 1990's

In Finland, discussion of the role of the public sector was very active during the whole 1990's, because the welfare society, of which the public sector was responsible, was having serious financial difficulties. The welfare society enjoyed wide acceptance amongst Finnish political parties. The discussion concentrated on the sustainability of the expenditure programs, mainly because the tax rate had risen to a high level and because of the foreseeable balancing and financing problems of the public sector, but also because of globalization and Finland's joining the EU. Parties which had been the driving force behind the existing welfare state and its

---

[12] Programs for EMU: EMU Convergence program for Finland, September 1995, 14.9.1995, http://www.vn.fi/vm/english/emu/convpro.htm); September 1996 update http://www.vn.fi/vm/english/emu/converge.htm), Update, September 1997 and Finland's stability programme, September 1998 (http://www.vn.fi/vm/english/va98etek.htm), September 1999 (http://www.vn.fi/vm/english/emu/index.html). Product and Capital Market Reforms in Finland. November 1998, Ministry of Finance 1998 and November 1999 (http://www.vn.fi/vm/english/national_economy/cardiff/cardiff99.htm). Employment Action Plan. April 1998. Ministry of Labour. Helsinki 1998 and May 1998 (http://www.mol.fi/tpts/nape_contents.html). See also Economic and Financial Situation in Finland: Coping with EMU. European Commission. DG II, 1999.

[13] A good source of information of the economic policies in Finland are the annual *Economic Surveys* of OECD.

[14] *High-Quality Services, Good Governance and Responsible Civic Society. Guidelines of the Policy of Governance. The Government Resolution.* Helsinki 1998

An evaluation of taxation in competitiveness in the articles of the Economist in Globalization and Tax (Economist, January 29th - February 4th 2000). There is a table of rates of taxation: Where not to live.

expenditure programs and legislation base were particularly active participants in this discussion.

In the nineties, the discussion of the role of the public sector and the division of labour between the private and public sectors was connected to the economic recession and the crisis in public finances. The discussion was started by the financial authorities: senior civil servants at the Ministry of Finance warned of a quick worsening in the state of public finances.[15] They could see that the coming problems with the State Budget could only be solved through a fundamental re-evaluation of the tasks of the public sector. "This re-evaluation should lead to the reduction of tasks and responsibilities of the public sector, reduction of the benefits and less important services, increase of the charges, reduction of administration, and reform of the steering system." The discussion quickly widened into the political, philosophical and scientific spheres. In 1993, Prime Minister Aho called together a group of philosophers to make their contribution.[16] Major themes in the discussion were the sustainability of the welfare state and the values inherent in it.

Studies carried out by the Ministry of Finance have a clear economic emphasis. The Ministry of Finance has consistently stressed the economic and financial perspectives and international comparisons.[17] In 1999, the Economic Council, chaired by the Prime Minister, also published a report on the future of the public sector.[18] The report analysed future threats and outlined policies in the framework of globalisation and demographic change. The same theme was more thoroughly analysed in the yearbooks of the Government Institute for Economic Research in 1998 and 1999; the researchers analysed the future of the public sector from different perspectives (demographic change, employment, values, social capital, knowledge economy, public sector productivity, etc.)[19]

In the 1990's, there were three Government reports (green papers) to the Parliament concerning the future of Finland. The reports were prepared in the Prime Minister's Office, and they presented a general economic and social perspective for the future.[20] These reports discussed the public sector from a more political perspective than the discussion papers of the

---

[15] *Raimo Sailas*: Julkisen talouden tasapainottaminen, ehdotus talousneuvostolle. Valtiovarainministeriö 1992 (In English: The Balancing of Public Economy. Proposition to the Economic Council, Ministry of Finance 1992.) For more on the discussion see *Seppo Tiihonen*: From Uniform Administration to Governance and Management of Diversity. Reforming State Functions and Public Administration in Finland. Research reports 3/00. Ministry of Finance. Public Management Department. Helsinki 2000.

[16] *Ilkka Niiniluoto*: Suomen henkinen tila ja tulevaisuus. Kansalaispuheenvuoro. (In English: Finland's Intellectual Situation and Future.)Helsinki 1993.

[17] *Public Sector in International Perspective*. Ministry of Finance, Helsinki 1997, *Benchmarking Finland. An Evaluation of Finland's Competitive Strengths and Weaknesses*. Ministry of Finance, Finland, Helsinki 1998 and *Tuomo Mäki: Julkisen sektorin laajuus ja kasvu OECD-maissa* (In English: The size and growth of the public sector in OECD-countries. The Government Institute for Economic Research. Research reports, 21, 1995.)

[18] *Public Finances in the Twenty-first Century. Limitations, Challenges and Direction of Reforms*. Working Group Report. Prime Minister's Office. Economic Council. Prime Minister's Office Publication Series 1991/1. Helsinki 1991.

[19] *Tehokkaampaan julkiseen talouteen*. VATT-vuosikirja 1998. Toim. Reino Hjerppe ja Pekka Mäkelä. VATT-julkaisuja 25 (In English: Towards more efficient public economy. VATT yearbook) Valtion taloudellinen tutkimuskeskus. (The Government Institute for Economic Research) Helsinki 1998, *Hyvinvointivaltio 2000-luvun kynnyksellä*. (In English: Welfare state on the threshold of the third Millennium) VATT-vuosikirja 1999. Eds Reino Hjerppe, Seija Ilmakunnas, Iikko B. Voipio. Valtion taloudellinen tutkimuskeskus. Helsinki 1999. (The Government Institute for Economic Research.)

[20] *Charting Finland's Future Options*. Prime Minister's Office Publication Series. 1993, 3, *Finland and the Future of Europe*, The Prime Minister's Office, Helsinki 1996, *Fair Play. An Active and Responsible Finland*. Prime Minister's Office. Helsinki 1997. (http://www.vn.fi/vnk/english/).

Ministry of Finance. The impetus for these reports came from the Parliament: in the beginning of the 1990's, a number of Members of the Parliament awoke to the realization that the Parliament needed a new type of forum for discussing important questions; a new means of guidance – a mechanism that would not be tied to the Government's detailed, separately submitted and, in most cases, narrowly focused Bills. The Parliament decided to call upon the Government to provide the Parliament with a futures report: the task was to analyse Finland's future – and the environment that would determine that future – from a broad perspective and in a longer-term time frame.

So far, three Government futures reports have been submitted: Charting Finland's Future Options (1993); Finland and the Future of Europe (1996); and Skill and Fair Play (1997). The Finnish Parliament has set up a special Committee for the Future, the only committee of its kind in the world, to evaluate the Government reports and continue the discussion generally. In its reports, the Finnish Parliament has discussed basic issues such as globalization, the EU, the roles of science and technology, the economy, international models of employment and the problems of the Scandinavian welfare model (Reports of the Committee for the Future in 1994, 1997 and 1998). The Committee for the Future has also arranged a series of video seminars under the heading of "Models of Success" with Singapore, Wisconsin (USA), South Korea and Japan. The latest seminar report concerned an international congress on ICT (Politics and Internet 1999) and the latest report was on the future of work.[21] As part of the recent constitutional reform, the Committee for the Future was given permanent status. This means that the Finnish Parliament now has a committee that is responsible for discussing the future, and that the Government is responsible for preparing background material and policy lines for the Committee.

Although political decisions about the role of the state normally take the form of practical budget decisions, cut-back packages or detailed changes in legislation, once or twice the Government has defined its policies on a more general level, either in Green Papers to the Parliament or in other principal resolutions. According to the Government resolution on the future of governance policies (High-Quality Services, Good Governance and Responsible Civic Society)[22]

> ... the Government will ensure the ability of administration to fulfil the functions most important for the citizens in all situations. It is the task of the State to be responsible for political governance functions, the continuity of the State and political system and the governance of the country as well as to maintain the legal order and legal security and to be responsible for external and internal security. The State sector will attend to functions that are essential from the point-of-view of the equality, security and welfare of the

---

[21] All reports can be found in English on the web-site of the Finnish Parliament (www.eduskunta.fi)

[22] *High-Quality Services, Good Governance and Responsible Civic Society. Guidelines of the Policy of Governance. The Government Resolution*. Helsinki 1998 and *High-Quality Services, Good Governance and Responsible Civic Society. Guidelines of the Policy of Governance. Background Material*. Helsinki 1998.

> citizens as well as from the point-of-view of the prerequisites for the operation of the economy and society. The State sector will be responsible for the services important for the citizens being available all over the country and for other essential functions being effectively taken care of. Services have to be available at least in the two official languages of the country.

The Government is aware that the functions are changing over time. For example, the pressure from globalization demands a continuous re-evaluation of state functions.

> There are pressures from many sides towards the re-evaluation of the State functions. Globalization is transferring functions to the international level, but simultaneously it emphasises the responsibility of the State as the force balancing the differentiation created by globalization. The public economy needs room to manoeuvre for the future. Common tax revenues do not necessarily make it possible to fulfil all the present functions. In the future, we will have to emphasise functions that are essential from the point-of-view of the Finnish success strategy. We have to make a political evaluation of the functions of the State sector in accordance with the above guidelines so that public administration will focus on the issues most significant for the citizens and business life.

Although the Finnish Government has been aware of the pressures on the state at a global level, good economic development has alleviated the pressure on public finances. For example, before the Parliamentary elections of March 1999 there was no need to discuss the future of public finances or the functions of the state, as had been done before the 1995 elections;[23] Finland was experiencing a long period of strong economic growth (above 4 per cent/year). This growth has been continuing since 1994, and the issues of structural threats and the reorientation of future public expenditure have only been raised intermittently.

In political discussion, justifications for past policies and policy programs tend to be presented whenever the discussion is not connected to public finances or future demographic challenges. However, the general atmosphere in the discussion has been serious. Politicians representing the government parties are now using more practical arguments when they make decisions on the State Budget or look for ways to finance public services. And because all of the parliamentary parties have been Government parties during the 1990's, they all have a rather practical understanding of the tasks of the state.

Finnish researchers have been active in analysing the recession of the 1990's. Researchers in social policy and sociology have studied the effects of the recession and the cut-back policies on the foundations of the 1990's welfare state.[24] The Finnish Academy has

---

[23] More of the discussion see *Tiihonen* 2000.

[24] See for example *Economic Crisis, Social Change and New Social Divisions in Finland*: Eds. Raimo Blom and Harri Mellin. Department of Sociology and Social Psychology. University of Tampere, Finland, Series A:29, 1998.

launched several different research programs examining the effects of the crisis.[25] As Finland joined the EU in 1995, the effects of the Union were similarly evaluated and discussed in the academia. The effects of integration and recession were often studied together, for Finland was required to make reforms in its financial and welfare policies to be allowed to participate in the integration.[26]

The varying emphasis of expenditure programs reflects the fact that the tasks of the state are not stable. They are in a dynamic state of flux all the time. The Government changes the tasks and expenditure obligations in every budget. Most organizational reforms are about changing the state structure as well as the role of the state. Privatization is perhaps the clearest example of this. And, alongside privatization, the changing of an agency into a state-owned enterprise and, later, into a state-owned joint stock company transforms an old public task into a task for which state is partly responsible. The diminishing of public sector personnel can have a similar effect on public services. The use of private services that the public sector buys from private service providers can also affect the character of the public sector.[27]

The aforementioned examples of various discussion "families" showed that public tasks were a theme of outstanding importance in the 1990's. Although the relative size of the public sector has remained large over the years, the actual size of the public sector has been minimised. It is difficult to imagine a political decision-in-principle concerning the tasks of the state and the division of labour between the private and public sectors. Such decisions are always single solutions, made on an incremental basis. During the 1990's, there was a consensus amongst the Finnish decision makers regarding such principles.

4.2 Present Perspectives on the Tasks of the Government

Economic development in Finland has been very favourable for last five or six years but unemployment remains on high level after the depression of the early 1990's. However, globalization and the high level of public debt are sources of uncertainty, and there will be acute need for discussion about the future of the public sector for a long time to come. Some themes have already been incorporated into the agenda. In the background, the demographic challenge to public finances is likely to channel the discussion towards:

- the sustainability of the public sector in the long run (especially as concerns the

---

[25] See for example: *1990s economic crisis*. The Research Programme on the Economic Crisis of the 1990s in Finland: the Projects. VATT-publications, Helsinki 1999.

[26] *Pekka Kosonen*: European Integration: A Welfare State Perspective. University of Helsinki, Sociology of law series. No 8, Helsinki 1994, *Welfare systems and European integration:* proceedings from COST A 7 workshop in Tampere, Finland, August 24-27, 1995, Department of Sociology and Social Psychology, University of Tampere 1996 and *Pekka Kosonen*: Eurooppalaiset hyvinvointivaltiot. Yhdentymistä ja hajaantumista. Gaudeamus, Tampere 1995 (In English: European welfare states. Integration and diffusion).

[27] See a comparative study of the use of different administrative strategies in providing services and of their effects on public tasks *Christopher Pollit, Geert Bouckaert*: Public Management Reforms. A Comparative Analysis. Oxford University Press. Oxford 1999.

financing of pensions)[28]

- the efficiency of public services, and the financing of public welfare services,
- and the modernization of social security systems.[29]

It is not easy to find solutions to the present problems. Several studies have shown that these matters belong in the realm of social programs, and those are decided by legislation, because they are among the core pillars of our social structure. People build their lives on these social programs. Even to lower the target levels for them would be difficult.[30] This remains true, regardless of the fact that it is widely recognised amongst the political parties that the programs are not on a firm financial basis; future financing is uncertain.

In Finland, the discussion of future threats to our social programs has already begun. Public authorities are launching studies and evaluating the effects of different scenarios for the public sector. They will also examine every possible solution that can increase its efficiency. Special emphasis will be given to structural solutions and analyses of the macroeconomic effects of the welfare programs. Research institutes and think tanks are launching research projects of several kinds.[31]

The effects of globalization on the future of the state should also be assessed. One of the most realistic scenarios among the many different forecasts for the development predicts that national authority of governance will slowly weaken. Responsibilities of global governance will correspondingly increase. This is a likely outcome of the globalization of businesses and markets. It is feared that the growth of global governance may disrupt systems of market steering, built on a national basis. The state's authority to steer the economy and the markets will weaken.

The effects of globalization on the political system have been discussed as well, but the Government has yet to launch a special program to make specific recommendations in this field.[32]

---

[28] Rising pension expenditure, especially after 2010, will require very solid macroeconomic conditions to make government finances sustainable in the long run. A high level of public debt and a high level of taxation make a difficult combination if Finland faces a recession in the near future. (*H..A. Loikkanen & H. Lönnqvist: Finland: Country report. Prepared for DGV by the Public Policy Economics Group at Maxwell Stamp PLC. February 23, 2000.)*

[29] Teivo *Pentikäinen*: Ikääntymisongelma ja sen ratkaisu : suuri yhteiskunnallinen haaste. Eläketurvakeskuksen raportteja; 1998:13 (In English: Ageing problem and its solution: big social challenge, Reports of the Central Pension Security Institute) .

[30] Ks. *Richard Rose and Phillip L. Davies*: Inheritance in Public Policy: Change without Choice in Britain. Yale University Press. New Haven and London 1994.

[31] Finnish National Fund for Research and Development (SITRA) has published various reports on the future of information society. See *Finland, new realities, alternative futures*. Eds. Tapani Ruokanen, Aarne Nurmi. Sitra 148, 1996, Quality of life, knowledge and competitiveness. Premises and objectives for strategic development of the Finnish information society. SITRA 211, Helsinki 1998, *Mika Pajarinen, Petri Rouvinen, Pekka Ylä-Anttila*: Small Country Strategies in Global Competition. Benchmarking the Finnish Case. Sitra 203, Etla Series B 144, Helsinki 1998. The Centre for Finnish Business and Policy Studies (EVA) has traditionally been one of the most active private think tanks which launch discussions of the future of Finland. Of its English reports, see *Globalization and Finland, A report on a world growing together*. The Centre for Finnish Business and Policy Studies (EVA). *The Finnish potential for success. The Finns and Their Society, A National Survey of Opinions and Attitudes*, 1997. Both of them can be found on their web site (http://www.eva.fi/english/eva.htm)

[32] *Raimo Väyrynen*: Suomi avoimessa maailmassa – Globalisaatio ja sen vaikutukset. Sitra 223 (In English: Finland in open world.), Helsinki 1999. *Raimo Väyrynen*, Globalisaatio ja Suomen poliittinen järjestelmä (In English: Globalization and Finland's political system. Sitra 222, Helsinki 1999.

One special project on globalization concerns the effects of globalization on taxation. Mergers can cause companies to be moved away from Finland. E-commerce makes taxation difficult and can decrease central government income. A decrease in public incomes would cause problems for the financing of public welfare programs.[33]

The third theme of discussion concerns political governance. Awareness of the important role that institutions and different governance models play in economic success and international competitiveness will most likely open a discussion of the models of governance. This interest towards different governance models can partly be traced back to the active discussion of different corporate governance systems in the nineties. Investors have noted the differences in the outcomes of the models, which has increased the popularity of the most effective models of resources allocation. They are now being adopted all over the world. The share-holder model appears to become increasingly effective in a situation where companies have to react faster than ever to changes in the markets and in other companies.[34] All this begs the question: How important is political governance for the effectiveness of economy and social welfare? What factors are the most important for best results?

Most European countries have studied the differences in economic growth and employment between Europe, USA and Japan.[35] European integration and the creation of EMU have made these comparisons even more important because, at present, Europe is a common market which has one currency and where financial policies are being co-ordinated. Europeans have noticed that the USA has challenged Europe in many sectors and fields. In Europe and Japan, economic growth has been moderate because not all resources have been in use. The growth in the USA has been explained using the concept of 'New Economy,' which combines structural flexibility with higher productivity. The European social model is different from that of the USA. Discussing the different models would be politically difficult, and it has thus been postponed indefinitely. The role the public sector plays in economic success needs to be broughtinto that discussion. If the paradigm of New Economy[36] proves to be an important factor, it might bring pressure to bear on European public services and governance structures. Reforms in governance have a direct effect on the European social model.[37]

The idea of a relationship between institutions and the quality of life is very old. This discussion was started by Plato in *the Republic* over two thousand years ago. For centuries,

---

[33] *Raija Julkunen & Jouko Nätti.* The Modernization of Working times. PoPhi, University of Jyväskylä, 1999, *Jukka Lassila ja Tarmo Valkonen*: Globaalistuminen ja hyvinvointivaltion rahoitus. Sitra, Helsinki 1998, *(In English: Globalization and the financing of the welfare state)*

[34] *Bengt Holmström*: Future of Cooperatives: A Corporate Perspective. LTA 2/99, 404-417.

[35] See for example *J. Østrøm Møller*: The Future of European Model. Economic Internationalization and Cultural Decentralization. A different perspective for the comparation is in New Zealand treasury report *David Frame*: Finland and New Zealand: A Cross Country Comparison of Economic Perrformance. Treasury Working Papper 00/1.

[36] *Victor Zarnowitz*: Has the Business Cycle been Abolished? Business Economics, October 1998, vol 33/4, 39-45, *William A Sahlam*: The New Economy is Stronger than You Think. Harvard Business Review, 1999, vol 77/6, 99-109 ja *Laura D'Andrea Tyson*: Old Economic Logic in the New Economy. California Management Review, 1999, vol 41/4, 8-16.

[37] On the effect on the Scandinavian Welfare Model see *Globalization, Europeanization and the End of Scandinavian Social Democracy*? Eds. Robert Geyre, Christine Ingebritsen and Jonathon W Moses. Macmillan Press, London 2000.

rulers have sent spies into the courts of foreign rulers to spy the secrets of governing. Rulers have hired experts from foreign countries and adopted foreign administrative and political models. In doing this, they have not thought of the quality of life of their subjects, but of their own might. Today, Governments are responsible for economic growth and the well-being of citizens. Ever since the second World War, international organisations have emphasised comparative studies and benchmarking. The OECD is responsible for the exchange of good practices among its member countries.

5. Governance

All of the themes raised in the previous chapters can be grouped under one heading: governance. In this last chapter, I will present some preliminary ideas about governance as the main task of states in the future. This will, perhaps, bring some conceptual clarity to the discussion as well as help distinguish the core functions of the state.

Political governance has many dimensions, from maintaining legal order and the authority of the government to hierarchical interventions and the maintaining of the democratic legitimation of the political system and the institutionalization of the execution of the legal system. All these, and more, belong to the field of political governance. Another dimension of governance includes the practical steering of social life and direct governmental interference in the normal functioning of markets and economic life. In a wider sense, political governance is composed of all the practices that steer and control and co-ordinate social life. The following are some of the principal tasks in political governance:

- the traditional tasks and responsibilities of the state (organization, steering, financing and management principles) i.e. administrative politics,
- continuous evaluation of public functions and of the role of the state in relation to the markets and civil society; redefinition of public tasks,
- evaluation of the functioning of political, economic and social institutions and organizations and reforming the norms that steer them in order to increase their efficiency,
- stabilization of the economy and allocation of resources, and
- forecasting the challenges to the success of the nation and its governance (governmental intelligence).

Governance is actual, not just on the national level[38] but on the global level as well. Globalization is displacing national markets with international and global markets, and this has

---

[38] *Governance in a Changing Environment*. Eds. B. Guy Peters and Donald J. Savoie: Canadian Centre for Management Development. McGill-Queen's University Press, *B.Guy Peters*: The Future of Governing: Four Emerging Models. University Press of Kansas. 1996 and *Modern Governance. New Government-Society Interactions*. Ed. by Jan Kooiman. Sage Publications. London 1993.

raised a discussion about the capability of the national system of governance to carry out the functions which have traditionally been its responsibility. The reform of global governance and international financial architecture[39] is of vital importance to the future of the state.

The Commission of Global Governance has defined governance as "the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken."[40] According to the United Nations, governance means exercising political, economic and administrative authority to manage a nation's affairs. This involves a complex sets of institutions, systems and processes which engage the state, civil society and the private sector in a democratic and transparent way.

In this paper, governance is regarded as a the way power is embodied and exercised Its aim is to safeguard social life and the continuation of institutions. Governance is not an instant phenomenon but a long-lasting process where social institutions are created: it defines the rules of the game for social and economic practices, the roles of different social and economic actors, and the principles according to which these actors interact with each other. Because it is a phenomenon of long durée, the pillars of governance are defined in legislation. Public authorities and their competence and authority in implementation are defined in parliamentary legislation. Governance is part of the legal system of a country. Although the institutions of government, markets and social life belong to the long-lasting features of every nation, the practical governance interpretations are constantly changing according to the needs, and especially the interpreted needs, of the situation. Governance is broader phenomenon than governing, which is traditionally defined as a task of the government to make and enforce laws for particular society.[41]

Benjamin J. Cohen has used the term governance as a synonym to authority which is in politics and law commonly understood as a capacity to enforce compliance. It is an ability to exert influence over the behaviour and decisions of the actors. For Cohen "(a)uthority is inseparable from power, which in its many guises is the sine qua non for effective control of outcomes. ... (G)overnance can also take more informal and implicit forms."[42] Modern use of the term is emphasising this kind of loose and empowering way of steering the economy towards maximum efficiency and the citizens to behave according to the generally accepted moral

---

[39] Ks. Esim. *Globalisation and Governance*. Ed. by Prakash, Aseem and Hart, Jeffrey, A.. Routledge. London and New York 1999.

[40] Commission of Global Governance: *Our Global Neighbourhood*, Oxford University Press. New York 1995, 2. James Rosenau has defined governance as follows: "Governance is order plus intentionality", *James Rosenau*: Governance, Order, and Change in World Politics, 1992, 5, in James N. Rosenau, Ernst-Otto Czempile (Eds.) *Governance without Government: Order and Change in World Politics*. Cambridge 1992. See also World Bank: Sub-Sahara Africa. From Crisis to Sustainable Growth. A Long-Term Perspective Study. Washington, D.C. 1989, 60. On discussion of the term *König, Klaus*: Good Governance – as Steering and Value Concept for the Modern Administrative State, in Governance: *Concepts and Applications*. Working Group Governance: Concepts and Applications. Edited by Corkery, Joan. IIAS. Brussels 1999, 73 *and Governance. The World Bank's Experience*. The World Bank. Washington, D.C 1994, XIV-XV.

[41] *Austin Ranney*: Governing. A Brief Introduction to Political Sience. Second Edition. The Dryden Press, Hinsdale Illinois, 1975, 177.

Benjamin J. Cohen: The Geography of Money. Cornell University Press. Ithaca and London 1998, 143-144.

obligations.[43] The ultimate goal of the governance of the government is to improve efficiency of the economy and fluid functioning of the society by learning the markets and the citizens to independence and independent initiatives.

Present systems of governance are composed not just of the legal system of a country but of the contracts between different groups and of the negotiation results, customs and routines of normal life. In spite of the collective nature of governance, its basis is individualistic: People cannot fulfil all of their personal needs by themselves. Governance gives them a system that defines the rights, powers, responsibilities and processes of citizens, companies and institutions.[44]

The organization of co-operation and different forms of social life differs between countries. In the twentieth century, people's needs were commonly taken as a basis for making classifications: safety, living, and social and communal attachment are examples of classes of needs. The Finnish sociologist Erik Allardt has distinguished between having-, loving- and being-needs.[45] In economics and organization sciences, social life has been conceptualised as having three main categories or fields. This well-known classification is based on the nature of social actors and social forums: markets (firms), hierarchy (state or the public sector) and social networks (citizens and individuals).[46]

National governance can be defined as a long-lasting process where social institutions are created and the rules (of the game) steering the society are defined. It is a process in which the conflicting interests of different participants are co-ordinated and which provides principles according to which the different participants of the society can interact with each other.[47]

Although governance is one of the slowly changing fundaments of the society, change has already began as a result of globalization, technological change, changes in people's values and new practices in the global and national markets.

This analysis of the future of political governance of the economy and society is based on the notion that the present institutions of the economy and society are undergoing a fundamental process of transformation. The public sector is responsible for the efficiency, long term stability

---

[43] *Alan Wolfe*: Whose Keeper? Social Science and Moral Obligation. University of California Press. Berkeley and Los Angeles, California 1989.

[44] Of Finland's traditional system of governance see Jaakko Nousiainen: The Finnish political system. Translated by John H. Hodgson. Harvard University Press. Massachusetts. 1991, *Seppo Tiihonen*: The Origins and Development of the Finnish System of Government. In Power and Bureaucracy in Finland 1809-1998. Ed. by Jorma Selovuori. Edita Prime Minister's Office, Helsinki 1999, 9-24 and on the first steps towards a new system of governance see *Seppo Tiihonen*: Towards a New Kind of State Sector. In Power and Bureaucracy, 227-237.

[45] *Erik Allardt*: Having, Loving, Being. An Alternative to the Swedish Model of Welfare Research. In M.C. Nussbaum & A. Sen (Eds).The Quality of Life. Clarendon Press, Oxford 1993.

[46] *Markets, Hierarchies & Networks. The Coordination of Social Life*. Ed. by Grahame Thompson, Jennifer Frances, Rosalind Levačič, Jeremy Mitchell. Sage Publications, London 1991.

[47] *Seppo Tiihonen*: Miten nostaa valtioneuvoston hallintakapasiteettia tietoyhteiskunnassa?, 3-4, (In English: How to Raise the Capacity of the Government in Governance). http://www.vn.fi/vm/kehittaminen/tietojohtES.htm.

and undisturbed development of the economy and the optimal allocation of resources. However, analysis cannot concentrate on just the economic perspective; it also needs to take into account the social, cultural and legal aspects.

The Government plays a fairly general role in governance. It has the responsibility to co-ordinate the system. First of all, the Government has to fulfil its tasks as stipulated in legislation. The main responsibility of the Government is to be aware of coming economic, social and international trends that might affect the well-being of its citizens and the success of firms. Future outlooks and policy decisions should be based on realistic scenarios to safeguard the public good. The government also has to evaluate the functioning of social and economic organization and the development of the division of labour between the private and public sectors.

Governance is a general framework and perspective directing the analysis of the future tasks of the state in different fields of society and economy. From here on, we shall proceed step by step. The first step is an analysis of the pressures for governance in the three fields mentioned above. The very next step will be to clarify the tasks of the public sector. In this paper, we only present a number of general ideas about governance in the three sectors.

5.1. Governance of the Economic Field and Markets

The nature of the present changes in the markets (globalization, ICT revolution and e-commerce) can be compared to the industrial revolution of a hundred years ago. Although the comparison may seem to exaggerate the importance of the present changes, they really are huge in many respects. New institutions and economic and political power structures are born, old institutions are fading away and social structures are in turmoil. These changes are challenging the present system of governance in the economic field. At this time, we need to analyse the effects of the following phenomena from the perspective of governance:

- new management methods, organization structures and production models in the e-economy (networking, mergers, alliances, co-operative coalitions, the lowering of hierarchies, empowerment, the structuring of firms, outsourcing and new management structures and corporate governance models,)
- new methods of corporate governance,
- institutions of the network-economy,
- the next steps for globalization, e-commerce and ICT (old competition principles and strategies of the firms), and
- the effects of ICT and e-commerce on traditional industry and services.

In the economic field, it is the responsibility of political governance to prevent possible crises. The financial markets function globally in real time, 24 hours a day, and unless sufficient

control is exerted, either at the international or the national level, there is a continuous fear that a possible crisis could neither be controlled nor governed. Measures like returning to strict regulation and control of the financial system and markets or closing borders are no longer viable. This does not relieve the state of the responsibility to take care of different kinds of crises and risks, but because the nation states cannot do that alone, on the national level, they have to govern the risks and crises together: on the international level in international financial organizations, and on the regional level in regional organizations. In Europe, the EMU is a clear step towards a common governance system of the common European markets. As the construction only started a few years ago, mechanisms for crisis management are in the future agenda.

The birth of a common European market is sure to cause an amount of uncertainty. International mergers will marginalise many national and local firms and labour negotiation systems. This can lead to political turmoil and nationalism and even cause geopolitical tension. Though globalization is accepted as a positive development by politicians and economists, many non-governmental organizations have active policies against different forms of globalization (Seattle, Washington, MAI). This should be taken into account in developing the systems of governance.

5.2. Social Sector

The growth of the public sector at the expense of civil society and the private sector is one of the most important effects of the welfare society. From the point of view of governance, welfare society is a project which has increased the responsibility of government in different fields of people's life and in civil society. The main arguments have been economic – social expenditures make a positive contribution to economic growth – and political – a major step towards an egalitarian society. Welfare society was built to minimise the risks in people's lives. We are all familiar with the phenomenon, and I shall not analyse it any further here. The development of the welfare society/state reached its peak in the early 1990's. Later on, it has met with new kinds of criticism, from high taxes to its passivising character. The traditional privacy in civil society and the social sphere has eroded and they have become part of political governance. Welfare society can be characterised as a project which has introduced rational bureaucracy and hierarchy into people's lives.

Criticism (economic, political, philosophical, social) has forced the authorities to retrace their steps in some aspects of public governance in the social field. Cut-back decisions have decreased some social benefits, the eligibility of social programs has diminished, and the principle of universalism has met with criticism. Besides economic and financial arguments, even the legitimacy of the governance model of the social field is under discussion. It has been argued that the future trend in Europe will be towards a strong communal ethos and public care, collective certainty, predictability and reinsured contracts. We are taking a step towards mature

liberalism, the basic motto of which is "as much rationality as possible, as much morality as necessary, as much individualism as possible, as much security as necessary; as much leeway as possible, as much fundamentalism as necessary; as many options as possible and as much caring and caution as necessary".[48]

These sporadic individual changes which all gradually increase the responsibility of the individual for his/her life will bring about a new situation in the governance of the social field. The theoretical concept of life politics by Anthony Giddens has become an important modern intellectual influence on this discussion.[49] The use of the term can be interpreted as a first step towards a new kind of governance of the social field. Finnish researchers have already started to speak of 'governance of life' in this context. This term highlights the change in the governance of the social field from a government-centred perspective towards an individual-centred perspective.[50]

Adopting these ideas would mean that governance in the social field would develop from its present emphasis on strong state responsibility towards giving more and more responsibility to the individual. In the Finnish context, life politics has been understood to refer to a policy where individuals have more responsibility than in the present welfare society for their own identity and for their ability to plan and govern and develop their own lives. Life politics is situated in the grey area between self-governance and the traditional state-centred approach. It is composed of common decisions targeted to different social groups and the society. These decision influence the lives of the people.

The concept of life politics emphasises the need to encourage individuals in making choices that strengthen social ties and bring new forms into our common cultures. The ideology of life politics is reminiscent of post-modern social policies, where particularism is brought into universalism and diversity is raised alongside equality. Although today's strong state-centred political governance of the social field is going to lose ground and added responsibility will be given to the individual, the state will continue to play an important role as the last resort in crisis situations and accidents. The fundaments of the welfare society will prevail as the backbone of Finland's economic success and social consensus after the Second World War.

At the beginning of the new Millennium, future scenarios are predicting rather fundamental changes in most social, economic and technical fields. It is important to analyse the ideas on which the development of policies rests and on which solutions to the problems could be based. Although the reality can never be as simple as our dichotomies would have us believe,

---

[48] *Eräsaari, Risto*: Mikä ihmeen elämänpolitiikka? In Elämänpolitiikka, Gaudeamus, Tamprere 1998, 104.

[49] *Anthony Giddens*: Modernity and Self-Identity. Self and Society in the Twenty-first Century. Pluto Press, London 1991, *Anthony Giddens*: Beyond Left and Right. Polity Press, Cambridge 1994, *Anthony Giddens*: The Third Way. The Renewal of Social Democracy. Polity Press, Cornwall 1999.

[50] *2000-luvun elämä. Sosiologisia teorioita vuosituhannen vaihteesta*. Toim. Tommi Hoikkala & J.P. Roos. Gaudeamus, Helsinki 2000 (In English: Life in the new Millennium.) and *Elämänpolitiikka*. Toim. J.P. Roos & Tommi Hoikkala. Gaudeamus, Tampere 1998 (In English: Life politics).

in this case the two opposing poles appear to be the strong state and the moderate state where the markets and civil society have more responsibility.

In the future, governance of the social field will be linked to the balance between macroeconomic efficiency and public responsibility in fighting against the risks that the new economy causes in people's lives. In the future knowledge economy the state has an important role in the boosting knowledge creation capacities of the citizens and the firms.

5.3. Public Sector

As a result of the reforms of the 1990's, the old unified state administration which was steered in a centralised way and which functioned on the basis of unified principles was replaced by a new, more differentiated state sector. The new conception was introduced in the Government's Resolution of Governance in 1998.[51] It sought to define an entirely new state structure born from public management reforms. The shift from the traditional juridical conception to this new conception with its roots in management sciences and ideas of New Public Management is a clear indication that the role of the state is changing. The state sector is not a legal concept; it exists to support the management of public functions.

The active administrative reforms carried out in Finland during the last ten years have diminished the size of public administration, directly subordinate to the Government and composed of various agencies. The old agencies have, in fact, been replaced by state enterprises and state-owned companies, and these do not function according to the same principles as the old administration. The Government steers them differently from the agencies because they are not financed through the State Budget. The strengthening of municipal self-government has meant that the welfare services attended to by the municipalities can no longer be governed by the state to the same extent and in the same detail as at the end of the 1980's.

The differentiation of state government is evident both in the values determining state functions, organizations, steering and operations and in the financing of these. This differentiation has resulted in a situation in which each part of the state sector operates in accordance with the operational principles, policy principles, steering models and forms of financing suitable for its particular area of responsibility.

The state sector consists of three parts. They are

1. administration by the authorities responsible for public order and safety as well as

---

[51] *High-Quality Services, Good Governance and Responsible Civic Society. Guidelines of the Policy of Governance. The Government Resolution.* Helsinki 1998.

the basic rights of the citizens and the democratic order of society,

2. public service functions not involving the exercise of public power, but services directed at enterprises and the citizens. The municipalities produce the majority of the services directed at the citizens.
3. public business functions as well as production and economic functions.

New governance policies in the state sector are based on the idea that the Government and the Ministries have a responsibility to govern Finland on both the national and the international level. The Government is no longer responsible for the detailed management of services or for decision-making as regards concrete administrative decisions. Instead, it has the responsibility for political governance, which is the essence of the Government's strategic work.

The structure of political governance and the different strategies can be described as follows:

Political Governance		
core functions and relevant	business functions and relevant	service functions and relevant
public management	corporate governance	service management

Each of these functions and organizations will have its own organizational, steering, financing and personnel strategies.

The powers of the Government in steering the different state sectors vary according to the nature of each function. State administration is the core function of the state. As a legal entity, the state administration can be steered by the Parliament and the Government, in accordance with the principles defined in the Constitution and other administrative legislation, with a special emphasis on legality and the rule of law. The organization of political governance is basically hierarchical. In public services, the emphasis is at once on the tradititional values of public service and on good customer service; in public business functions, the principles of business are dominant. Historically, the Finnish administration has always valued efficiency and economy.

The new way in which the various state functions and organizations are outlined is based on the idea that different public functions should not be produced uniformly. Differences between the functions have to be taken into consideration in organizing, steering and financing those functions. The state is looking for the best ways for each of these different functions to operate. Each area of political governance has its own models of administration and

management.

5.4 Towards a New Kind of Governance

Globalization, European economic and political integration, "new economy" and ageing of the population are the most important challenges, which Finland will face in the future. The Government has realized that there is a real need to find new kinds of models to foresee the problems, to produce solutions and to convert them into concrete policy programs. Governing is not enough. There is a real need for a new kind of governance initiatives and programs to boost trust and consensus in the Finnish society. The governance will lower the strict division between public and private sectors, advance economic and social progress and increase the responsibility of the citizens in the governance of their own lives.

PUBLIC SERVICE REFORM:
Singapore's PS21 Movement

Commentary by Ms. Lim Huay Chih
Head, PS21 Office
Prime Minister's Office
Singapore

Background

Towards the end of 1994, the Singapore Public Service began to ask itself the question: How well-adjusted and positioned are we for the challenges of the 21st century? Singapore has prospered because of a clean, fair, efficient and effective government, which has been nimble and pragmatic in avoiding dangers and making good use of opportunities that have come our way. However, the global environment has changed and become more competitive. We recognized that we cannot and must not rely only on tried and tested ways that have worked well in the past, but may no longer be relevant in the brave new world of the 21st century.

In 1995, steps were taken to ensure that the public service would not only change in step with developments in Singapore society and the international environment, but move ahead to point and lead the way forward, create and facilitate programmes for national growth, and be a model for efficiency, innovation and service. The Public Service for the 21st Century or PS21 movement was thus launched.

A Look at PS21

The PS21 vision is of Singapore Public Service which is fully able to serve the nation in the fundamentally new environment of the 21st century. The principles behind PS21 is to nurture a public service culture and mindset which is able to anticipate and influence developments in order to provide Singapore with the best conditions for success. A public service that is always on the lookout for better ways to do things, creating a paradigm shift in the way public officers tend to work and think. To do so, the public service must always be on the lookout for new and better ways of doing things, critically appraise its present institutions and systems, and ask what else it should be doing. It must guard against complacency and irrelevancy. It must grow in parallel with developments in society and the international arena, move ahead to create conditions for national growth, and be an exemplary model for innovation, efficiency, people development and

service quality. To do so, the public service should be one which is able to continually welcome, anticipate and execute change with excellence. As part of this realization, the public service also sought to evolve its roles from a regulator to more of a facilitator and nurturer.

Change is always difficult for people to handle, especially when the need for change is not urgent, pressing or evident. There is a saying: "If it aren't broke, don't fix it". Yet, PS21 seeks to cultivate a public service that is continually ready to anticipate and embrace changes, with the objective to better serve the country and our citizens.

Such a radical change in mindsets does not come overnight to an extensive and complex organization like the public service. At the point of its launch in 1995, the PS21 movement took several existing schemes, initiatives and programmes[1], and extended them into a larger vision of building a new king of public service, under the new banner of PS21.

PS21 provided a structured and integrated approach to building excellence in the public service as a way of life. PS21 was launched with two initial objectives:

a) To nurture *an attitude of service excellence* in meeting the needs of the public with high standards of quality and courtesy; and

b) To foster *an environment which induces and welcomes continuous change* for greater efficiency and cost-effectiveness through the employment of modern management tools and techniques while paying attention to the morale and welfare of public servants.

Structure and Approach

The approach to PS21 is two-fold - the first is **to set up structures centrally to promote, monitor and drive PS21 forward**. The PS21 Central Steering Committee, comprising all the Permanent Secretaries or CEOs of Ministries, was formulated to oversee the progress and development of PS21. The PS21 movement was sub-divided into four areas of focus. These were: Quality Service, Organizational Review, Excellence through Continuous Enterprise and Learning, and Staff Well-Being. Four Functional Steering Committees, each led by a Permanent Secretary and comprising representatives from all ministries, were tasked to develop initiatives and share information and ideas under each of the focus areas, to facilitate the nurturing of the PS21 culture in the public service. The four Functional Steering Committees report to the PS21 Central Steering Committee.

---

[1] These included the Healthy Lifestyle programme, Service Improvement programme, the Productivity (WITS) Movement and other initiatives targeted at public service improvement.

In addition, a PS21 Office was formed under the Prime Minister's Office, and tasked to monitor and promote the new culture of change in the public service. PS21 Office's approach is to create awareness of the change culture, a shared vision of PS21, and develop structures and support systems to enable each of the individual government agencies to internalize the value of PS21.

A second approach is **to raise the expectations of excellence across the public service, at the level of each individual agency**. The actual practice and pursuit of PS21 remains the responsibility of each individual public sector agency. To this end, each ministry and statutory board set up its own PS21 Committee, headed by the leaders of the organization, in pursuit of PS21 goals.

Under PS21, an extensive framework for exchanging ideas and experiences has been set up. The Central PS21 Committee does not set fixed targets for ministries and statutory boards to achieve, nor do they appoint audit teams to make sure that people are thinking and things are moving. Instead, individual ministries and agencies set their own direction and pace, given the broad objectives and direction of PS21. The Functional Committees have taken on the responsibility of monitoring key indicators relevant to their area of purview. Permanent Secretaries get regular feedback of how all the ministries are progressing, so they know how their respective organizations stand.

First Five Years of PS21 (1995 - 1999)

Since the inception of PS21, many key public service initiatives and changes has been put in place. Some, such as scenario planning, the devolution of personnel management from central ministries to individual government agencies and the Autonomous Agency concept, came under the original aegis of PS21 and have now been internalised as core public service processes.

The PS21 Functional Committees and the PS21 Office championed and spearheaded a number of cross-ministry initiatives such as the Citizen Centre one-stop government services centre, Public Service Online project, Customer Perception Surveys, Singapore Quality Award implementation and a venture-capital-like innovation initiative for public service called " The Enterprise Challenge". The four Functional Committees also undertook key projects and took the lead in monitoring and innovating areas critical to the PS21 effort.

It is equally significant that the majority of changes in the public service have come from individual agencies themselves, **as part of their own development and mission, and in response to the spirit of public service excellence**. Examples include the Electronic Road Pricing system and the nation-wide Tax E-Filing system. These efforts are exemplary of the spirit of innovation and service which PS21 advocates across the public service.

Over the last five years, there has been a steady rise in the standards of service provided by public service agencies. Our public service agencies are now seeking to be on par with the best in the world in terms of organizational and operational excellence. We have witnessed the spread of the individual and team activism, providing all staff and in particular, junior staff a voice to develop themselves and to make changes in their organizations. Programmes and budgets for the improvement of staff welfare have been established across the public service. Service excellence and continuous improvement are now clearly on the agenda and service charter of organizations across the public service.

The Way Ahead

Just as PS21 advocates a public service which is able to adapt to new environments and create new ways of doing things, so the PS21 movement must redefine itself in the new knowledge-based economy and new environment in order to achieve its vision in new and more effective ways. New tools and methods can be brought to bear to exploit the new environment and thrust towards innovation. Particularly with the identification of the Singapore 21 vision - of creating a best home for Singaporeans - the public service needs to reiterate its contribution to this national vision.

The new efforts would build on what has been achieved thus far under PS21. The next lap of PS21 represents a shift in focus and a distinct next step in the evolution of our lap of PS21 represents a shift in focus and a distinct next step in the evolution of our public service. Innovation and Enterprise go beyond continuous change, efficiency, productivity or incremental improvements - although these would remain important. Being a facilitator and practitioner of the Singapore 21 vision requires more than providing a service / product to the customer. Increasing a more sophisticated citizenry requires government to engage its partners and clients more actively, with greater openness and responsiveness, which is more than consultation. It must be clear to our officers that service excellence goes beyond high standards of efficiency, courtesy and customer satisfaction - these are baseline expectations. We must exceed the benchmarks we have set for ourselves in the 1st five years of PS21, and make the changes needed in the next lap.

The vision of PS21 remains the same - a Singapore Public Service which is fully able to serve the nation in the fundamentally new environment of the 21st century. It is the focus and thrusts of the PS21 message that has to be broadened. From this year, the PS21 objectives will be re-expressed as follows:

a) *to continually pursue total organizational excellence in public service*, by nurturing our people and harnessing our resources to care for our customers, so as to support and advance the success of Singapore;

b) *to foster a culture of innovation and enterprise*, embracing continuous change,

improvement, learning and new ideas as a way of life in the public service; and

c) *to cultivate a spirit of openness, responsiveness and involvement*, so as to fully live up to our key role and aspirations for Singapore 21.

a) *Approach to Total Organizational Excellence*

The original call to delight customers and provide quality service has helped to raise awareness in the public service. It has helped to raise the level of service excellence in public service agencies. The drive to provide better and more efficient services have resulted in broad organizational and structural changes, business process reengineering, streamlining of procedures and the adoption of IT. At the same time, recognizing that the quality and commitment of their staff is key to the success of the organization, many public service agencies have pursued increasingly more flexible and enlightened personnel policies, have invested substantially in life-long training, and have begun to more fully involve and harness the energies of their people at all levels of the organization. Indeed, the healthy interest in pursuing benchmark standards such as the People Developer Award, ISO 9000, and the comprehensive Singapore Quality Award excellence model, and initiatives towards organizational learning in some agencies, suggest that our agencies have already gone beyond service improvements to embrace **a total approach to excellence**.

As part of organizational excellence, we want to strive for greater integration of front-end service and back-end processes, better and newer services, and a more people-centred culture where everyone is valued and their contributions recognized, as the organization learns and grows together. **Through the pursuit of organizational excellence, the public service will have integrated and built upon the original goals of PS21**. It is a clarification of the total approach with which the public service intends to fulfill its mission to serve the nation with excellence.

b) A Call to Innovation and Enterprise

The PS21 movement has always advocated a public service which is enterprising and innovative, which continuously reinvents itself, and whose members are themselves activists who anticipate, welcome and execute change with confidence and daring. It is not about resting on the laurels of past achievements, but about developing a public service with a deep capacity for innovation and the ability to see these innovations through. This spirit of innovation was behind our early national successes such as the Central Provident Fund system, Housing Development Board, Electronic Road Pricing etc. - bold initiatives which were ahead of their time, but have since become role models of public sector innovation.

Since the launch of PS21, the promotion of Work Improvement Teams (WITS) / Staff Suggestions Scheme (SSS) and other aspects of the quality movements has led to the widespread

dissemination of tools and structures which enable all public servants to make improvements to their own work environment and processes. These improvements have largely been incremental in nature, but has helped to establish a culture of activism and enterprise in many agencies.

This is a good start. However, **Innovation and Enterprise will require more than incremental improvement, efficiency or cost-effectiveness**. As Singapore moves into knowledge-based activities, our economic competitiveness with depend on our capacity as a nation to create and harness fundamental innovations - unique ideas, which, if spotted and developed quickly, would give us and edge in the fast-paced global arena. Business-as-usual will no longer yield groundbreaking results. The public sector must be willing to try innovative approaches, create new value, and be capable of nimble change if it is to fully serve the interests of the nation well.

Though there are already pockets of innovation, these efforts alone are insufficient in ensuring that there will be a steady supply of good ideas coming to the fore. **Every individual must be empowered and involved in the creation of new ideas, not just from the top echelon of the public service**. With the launch of the Enterprise Challenge (a venture-capital-like fund which sponsors untested but innovative ideas), and in enhancing the WITS/SSS framework, the public service has committed significant resources to listen to, generate and try out new ideas which could lead to quantum leaps in public service, regardless of source.

Innovation and enterprise will mean not only coming up with new ideas but seeing these new ideas through to fruition. A wide range of tools and training for innovation, creative thinking and effective activism must be within reach of all officers. As the public service realigns our focus and moves forward to the next phase of nurturing these capacities in the public service, it is timely to rededicate the public service towards actively nurturing innovation and enterprise as the prevailing culture, to make innovation the norm rather than the incidental exception.

c) Making the Difference for Singapore 21

The public service must play a key role in the realization of the S21 national vision. Its policies and how it implements them sets the tone and the environment within which people will respond and operate. Internally, the public service must set the example for others to emulate as an organization which lives and breathes the values of Singapore 21, of placing people at its core.

The challenge of building our public service for the future, and working with the nation to realize Singapore 21, must be one effort, one response. The messages outlining the role of the public service and the changes required in turning the S21 vision into reality, clarify the accountabilities and priorities of the public service for the next lap of PS21.

The public service itself must live up to its role as a key player and facilitator of Singapore 21. The response calls for a more open and transparent public service, more flexibility, responsiveness, willingness to involved and consult others, and the capacity to learn and accept fresh ideas for the good of the nation. Effective and sincere consultation and dialogue could lead to new innovations in policy or services at its best, and at the minimum helps foster a spirit of trust, ownership and partnership in the national interest, which is core to Singapore 21. As part of PS21, **the public service must actively cultivate and operate in this spirit of partnership and learning so as to achieve optimal outcomes for the nation.**

The Next Lap for PS21

Much has been achieved under the PS21 movement over the last five years. In the next lap, the three pillars of PS21 - welcoming, anticipating and executing change, will remain core to the PS21 message. The three new PS21 messages will deepen the public service's awareness of what PS21 means in the new environment. With the call for innovation, enterprise and a more responsive, open public service, welcoming and anticipating change is not about passive reception of whatever changes or new fads which happen to come along. It is about active new value creation by breaking new ground. It is about actively soliciting a wide range of views from within and outside the public service in order to maximise the quality of collective thinking and ideas. Executing change cannot just be a top-down effort, but must involve the whole organization. Supervisors must be able to lead and involve the collective energies of their officers, and effectively harness all the resources at their disposal for optimal results to be possible. The interests of nation and community, and the developmental needs and wellbeing of officers must be taken care of before effective change can take place. The new PS21 messages will heighten the public service's awareness of its responsibilities under PS21.

It is time for the public service to take the next lap forward into the future.